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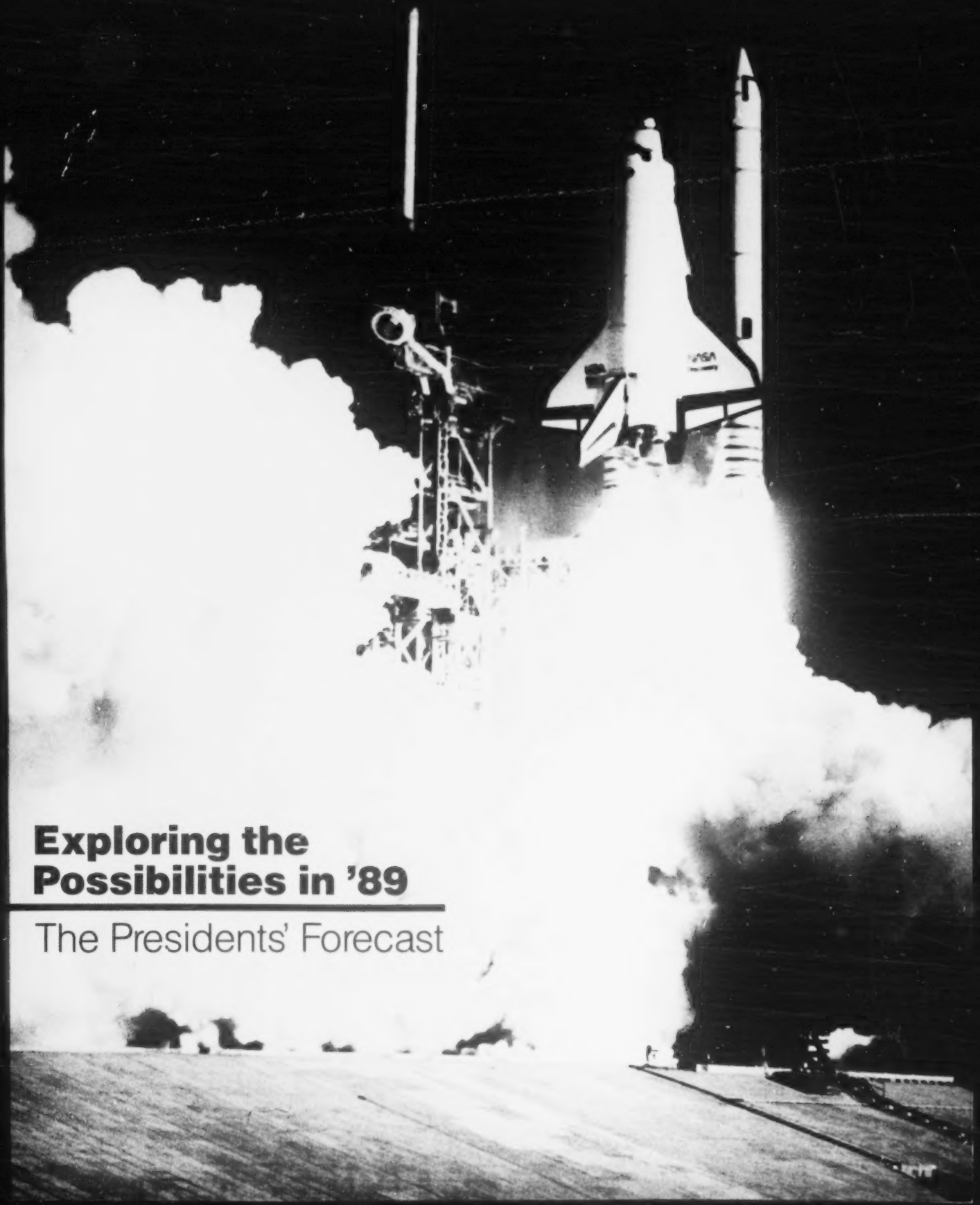

Exploring the Possibilities in '89

The Presidents' Forecast

MN

NPTA MANAGEMENT NEWS

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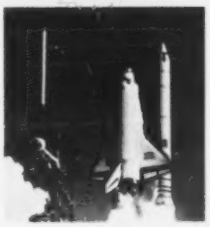

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Cover photo courtesy of NASA

The Joy of Working

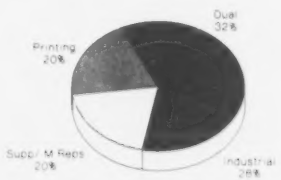
The "Joy of Working" survey form was included in the June issue of MN. The respondents paint an interesting picture for us of job satisfaction in the paper and plastics distribution industry. This survey will be done annually and changes in job satisfaction over time will be tracked.

We have all heard, we have all said, that this is a great industry peopled by those who care about their work. Certainly, it is the individuals behind the bricks and mortar, trucks and products that make the paper and plastics distribution business what it is today. But, let us take a look at how those responding to *MN*'s first Joy of Working survey feel about their industry and their place in it.

Profile of Respondents

The survey form carried in the June issue of MN was answered by 321 people: 65 who identified themselves as printing paper distributors, 90 industrial, 101 dual and 65 suppliers and manufacturers reps.*

SURVEY RESPONDENTS
Percentage by Type of Reader



Further, respondents were in upper management positions, 27% in middle management, 29% in sales and 7% support personnel. This means that almost two-thirds of the respondents hold management positions. About 46% of those filling out the survey were under 40 years of age. Exactly half have been with their companies more than 10 years.

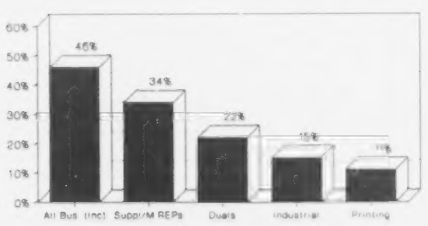
Not surprisingly, 21% have been with their companies more than 20 years. This industry can boast of the longevity of its population. NPTA's recent introduction of the Golden Eagle Awards for industry people with over 40 years of service generated 120 requests in the first three months.

The companies that employ these people tend to be larger than one would guess —an indication of the growth in company size across the country. 47% work for companies with 100 or fewer employees, 36% in companies with 100-500 people and 17% work for companies with over 500 employees.

Plans to Leave

When asked if they expected to change jobs in the next three years, the overwhelming answer was "No." Only 21% thought they would, and of those, more than half wanted better salaries. In a recent study conducted by *INC.* magazine of their readers' job satisfaction, it was revealed that 46% of employees across the country had plans to leave. In this case, the paper distribution industry is head and shoulders above business in general. This is a strong indicator of overall job satisfaction.

JOB HUNTING
Who's looking for a Job?: Next 3 Years



Evaluation of Job Satisfaction

It is tricky to ask the right questions that will get at employees' feelings about his job, his supervisors and his company. In the case of top management responding, we also run the risk of hearing nothing but superlatives about the company.

The survey designers focused the questions in this area around the four following topics:

- Company Pride
- Job Satisfaction
- Compensation Satisfaction
- Perception of Supervisors

Where appropriate, differences among printing paper distributors, industrial, dual and suppliers/manufacturers reps will be shown, as well as company size, age or number of years with the company.

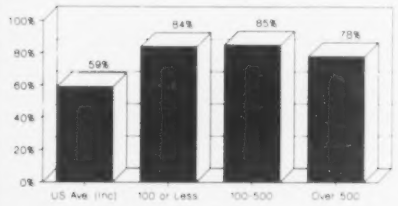
Company Pride

It is clear that our people are proud of their companies—83% said so and an equal number felt that they contribute to their company's success. It was no surprise that upper management was the most proud, followed by middle management, then sales and, least of all, support personnel. Those working for printing paper distributors were more positive about their companies than the rest. Employees of smaller companies also had the edge, but all responses were above what *INC.* reported for all industries. They found that in the smaller companies (the *INC.* 500), 68% of employees were proud of their company compared with only 64% for large companies (specifically, those companies with more than 100 employees showed employee pride to be only 59%). The paper and plastics distribution industry is far ahead of the rest of the country.

*Statistical analysis of the responses leads the reader to paint a picture of the entire industry. Caution must be exercised because of the sample size, character and make-up of the reading audience and the use of a self-selecting response mechanism. These results should be looked at in a general way.

COMPANY PRIDE

Paper Distribution: The Most Proud



Employee pride even in the paper and plastics distribution industry decreases a little with the larger companies. Certainly, the challenge to the larger companies is to make them "feel" like smaller companies.

Job Satisfaction

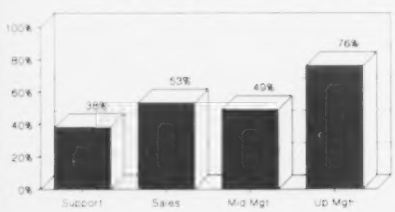
The elements looked at here included an analysis of how rewarding those responding felt their jobs are and whether or not each felt that his job leads to advancement. Again, as in overall "company pride," the overwhelming report was that people found their jobs to be rewarding. 76% said so, but only 59% felt that there was significant opportunity for advancement in their companies.

By company size, once again, the smaller companies provided respondents with a more rewarding experience (and identical statistics to job satisfaction). Printing paper distributors led the way in this area also, followed by dual, industrial and suppliers/manufacturers reps.

In terms of advancement, upper management was way out front. Suprisingly, sales people felt that they had more opportunity for advancement than middle management. Across all industries, *INC.* magazine found that 41% of sales people in large companies and 49% of sales people with smaller companies felt there was opportunity for advancement compared with 53% in our industry.

ADVANCEMENT OPPORTUNITY

Who Wants Most to get Ahead?



Compensation Satisfaction

The question about an employee's compensation package was not further defined. It was meant to be general, but may mean different things to different people.

Overall satisfaction with compensation across all respondents was 64%. Only about 15% said that they were dissatisfied. When we look at compensation by job title, the picture becomes more clear. Upper management was the most satisfied—78% said they were happy with their current compensation package. Sales was next at 65% and middle management with 52%. Only 33% of support personnel were satisfied. These findings for paper and plastics distribution are very consistent with all companies throughout the country as demonstrated in *INC.* magazine's study.

By age, the there was good consistency across all categories except at the high and low ends of the scale, as one might expect.

PERCEPTION BY EMPLOYEES

About Company's Sharing Information

When we look at the number of years with the company, we find that satisfaction with the compensation package grows each year: From only 45% satisfaction for employees with less than three years with the company, to 78% for those with 20 years or more.

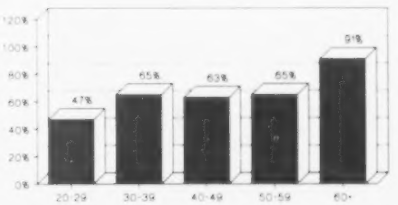
Perception of Supervisors

Considered here are two employee perceptions: how effectively does the company share information with its employees, and how approachable are one's superiors.

In the first part, approximately two-thirds of respondents felt that their superiors shared information about the company on a regular basis. This feeling decreased as company size increased, indicating that larger companies have more difficulty in disseminating information to all employees. Printing paper distributors were evidently doing a bit better than the rest, and in terms of job titles, support personnel felt the most left out. Upper management (the disseminators of the company information) understandably felt that a good job was being done in this area. Surprisingly, sales people were a bit more positive about the regularity of the information flow than were those middle managers responding to our survey.

COMPENSATION SATISFACTION

By Age



In the area of approachability of superiors, respondents were even more positive. 81% reported that the people they worked for were easily approached. This is certainly an important part of company communication and an employee's overall satisfaction.

Employee job satisfaction is influenced by many factors. This MN survey has revealed that the smaller companies tend to be satisfying their employees more effectively than the larger companies, but not by much. This is consistent with other studies of business across the country, including the *INC.* magazine survey. The smaller companies may have an edge due to more personal contact between top management and all levels of employees. Also, the printing paper distributors fared better than the rest, but no reasons for this can be determined from this brief survey. Company pride, a precious commodity, also was being engendered effectively by most companies in our industry. Some felt that their contribution to a small company was more significant than it would be in a larger entity. And that may be true.

With the growth of our industry—an industry that requires talented and committed people to make it grow stronger—the employee satisfaction issue is one that deserves our attention. The "Joy" in what we do must always be there—for all of us.

NPTA MANAGEMENT NEWS

JANUARY 1989

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. . . The New Tool for Buyers and Sellers of Printing Papers

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SPECIAL REPORT

Perceptions Count! Customer Service From the Printers' Point of View

What is it about some companies that makes you want to do business with them? What is it that distinguishes top-notch organizations from the rest of the pack? Is it their advertising and promotional materials, their attractive buildings and facilities...or their people and their attitudes toward you? Is it their promises...or their ability to deliver on those promises? by Denis F. Healy

We all know the answers to these questions...and so, too, does every one of our customers, young and old! The best outfits are those in tune with customer needs. They place the customer—rather than themselves—in the driver's seat. They develop a style and customer service approach on which we can depend, and in which people throughout the organization can take pride. They are committed to excellence and to delivering real value to the customer.

Does Anyone Care?

Faced with the daily hassle of making a living, raising a family and dealing with others, we frequently ask ourselves, "Why be bothered? Why not go with the flow? Let others do their own thing and accept whatever is doled out." Many have given in...or is it given up? They have accepted the norm, whatever that is. They have let others set the standards and as a result they sanction mediocrity.

Over the years, we are inclined to take things for granted. Our jobs, our friends and colleagues, our possessions and health, and our business relationships. We become blasé until a crisis is reached. Today, we are experiencing a service crisis.

It may be too late for some companies to do much about their service approach. In an era where many make public pronouncements about excellence, quality and service, in private they are behaving in the same old arrogant, "Why bother" way. These outfits have neglected the most basic principles of good business: serving the customer and being innovative.

Forget the customer, full speed ahead. The trouble is, the customer doesn't forget. Today, more than any other time in memory, customers are not accepting mediocre products or services. They fight back by taking their business elsewhere and by becoming vocal advocates for change and responsiveness.

The "Why Bother" Attitude—Toward Self Destruction

The "Why bother?" attitude is aimed not at products or companies, but, at its core, is directed at other people. It is a statement of our interest and concern for others and for the preservation of relationships. The answer to the question, "Why bother?" is simply this: those who care enough to renew and refresh their relationships inevitably will find ways to strengthen bonds, simplify communications and improve the quality of service they provide each other. Those who bother, realize that what happens in a relationship is in direct measure to what they put into it.

By the way, it's not just what the people on the firing line do that is the cause of the problem. Far from it! Their actions and attitudes are merely a reflection of top management's style and approach. If the leadership says, "Why bother?," then isn't it only reasonable to expect that sooner or later the entire organization will reflect the same view?

Nothing should be taken for granted in business, especially the customer. The quality of customer relationships must be managed and improved continuously. The level of customer service that a paper merchant renders is what the customer sees and remembers the most. These perceptions shape the entire relationship between the printer and the paper merchant.

From a marketing point of view, any organization is a service organization. Obviously, customers are attracted initially to various paper merchants by the product lines and services that are offered, and the geographic proximity of the company to the customer's place of business. However, it takes very little time for the emphasis to shift from product and location to assessments of the level of customer service offered.

More than one paper merchant has achieved and maintained a profitable relationship with customers as a result of differentiating itself on customer service capabilities. Many of these capabilities are not directly related to the product lines that are offered, but, rather, they are related to the ability of the company to live up to its commitments and to make it easy for the customer to do business with the company.

A great deal can be learned about customer service by evaluating the approach that is taken by fast food organizations such as the McDonald's Corporation, or by evaluating the skills and training exhibited by people in other service facilities such as hotels and airlines—the Marriott chain and Delta being good examples. By the way, you needn't look too far from home. There are numerous examples, some shining and others rusting, of service capabilities within the paper industry. It pays to seek them out and to learn from them.

This article focuses on the matter of assessment of the customer service capabilities of printing paper merchants from the customer's point of view. We report on the results of a major study of printers' evaluations of paper merchants, the *National Study of Printers' Perceptions*. As you review the findings from the Perceptions Study, we challenge you to look carefully at various aspects of your service approach to the customer and to make improvements where required.

Once Again—Back to Basics

For all the pontifications of the management gurus, good business practice is founded on the embarrassingly simple proposition that we should put our customer first. Satisfying the customer is the vehicle through which we are able to realize our own goals.

The customer is king! We do it your way! Serve the customer—not yourself! These are the bedrock slogans that have fueled the most effective marketing campaigns and the leading organizations of our time.

The key is to put ourselves in the shoes of the customer and to deduce what we must do to provide them with the most satisfying products, services and experiences we can. Admittedly, not an easy task, but clearly an essential one. The essence of good marketing is found in the creation, nurturing and sustenance of relationships with individuals in the marketplace.

Times are changing rapidly. And with these changes comes the need to re-examine the familiar and comfortable, to look for new ways and to make things better. For some, such introspection comes only at times of crisis. For others, the process is refreshing, opening new avenues and approaches.

As you think about the future of your business, bear in mind that inexorable and consequential changes are occurring in the markets you serve as well as within your organizations. Some of these shifts will challenge your abilities, while others may open new avenues of opportunity. Your ability to anticipate and respond effectively to these changes is what distinguishes you as a leader or marks you as an "also ran."

The Service Obligation

In many ways, you, the paper merchant, are purely and simply a customer service organization. Customers select and maintain relationships with you based on your ability to consistently render—at an economically reasonable level—customer service capabilities. When the customer service capability of the company begins to diminish, the cost of delivering the service increases beyond acceptable levels and other companies become more attractive.

Those who neglect or misunderstand their service obligations are likely to find themselves replaced by others who recognize these obligations and live up to them fully. The results of the National Printers' Perceptions study reported here reinforce the validity of this observation.

Perspective on Customer Service

Perhaps the two most important questions that you should ask are: "What do our customers expect from us in the form of service?," and "How do we rate along these dimensions?" As with other elements of your marketing approach, the first step is to assess the objectives that you wish to obtain and the current situation that surrounds your customer service activities.

A simple guiding principle for customer service is that everything that you do should be clearly understood and valued by your customers and prospects. If the customer does not place value on the customer service capabilities you offer, then there is little reason to offer such services. It's much better to concentrate on the service areas that your accounts tell you are important to them. In addition, it is important that at least some of the targeted services you stress be capable of differentiating you from competitors.

Only when you can offer something different which has value in the eyes of the customer, can you be adequately compensated or sustain a long term relationship with the customer.

Service Encounters of the Right Kind

In today's demanding markets, a fundamental principle is that every organization—from police department to hospital to printing paper merchant—is a service organization. We all earn our living by rendering services to others. If the quality and consistency of the service we give is high, everyone benefits. If the service levels are not that great, then sooner or later someone becomes disappointed, dissatisfied, disgruntled, or sometimes damned upset!

Although we all talk about service or services as if they were a single aspect of our businesses, there are many dimensions to a service offering. Services include all of the resources and actions that you bring to the relationship with a customer. To have value, these services must in some way make it easier for the customer to solve his problems.

The sole justification for your existence as a business lies in how successfully you assist your customers in solving their problems—by providing product selection, design advice, technical and marketing information, access to product and credit, to name just a few. These are service encounters of the right kind!

You have come to use the term "value added" to summarize the effect of these investments and efforts on the customer. But in many ways, value added is not for you to appraise; it is the recipient of the services, the customer, who is the final judge of this.

The Dimensions of Customer Service

So what are the dimensions of customer service that paper merchants should be looking at? Broadly speaking, customer service is the entire business when viewed from the eyes of the customer. Your presence, your appearance, the consistency and sensitivity with which you respond to customer requirements, are all dimensions of the customer service offering. There is nothing else that is visible except the physical products that you ship to the customer and the paperwork that moves between the customer's location and your place of business.

There are three major dimensions of your customer service offering. First, there are those activities and services you perform in *getting* the order. Next are services related to the *processing* of the order through your distribution/administration center, branch locations and ultimately getting the order physically to the customer's location. Third are those activities associated with *following up* on the order.

Obviously, if you are ineffective in the first dimension (in getting orders), you will never have an opportunity to demonstrate your ability to process and follow up effectively. Similarly, if there is a deficiency in either of the other two dimensions (the processing or follow up activities), printers will remember these deficiencies and will either increase the demands placed on you during the first phase, or look elsewhere for better service.

The overall customer service approach you take must incorporate service decisions in each of these dimensions. Printers evaluate you and your offering in this light. Thus, to be effective, you must evaluate these yourself from their perspective. These *perceptions* dictate your desirability and market position as a supplier of printing papers. In the sections that follow, we will look at the results of the National Printers' Perceptions Study in order to assist you in assessing your current capabilities, and to help you improve your service offering.

The National Printers' Perceptions Study

To validate the importance of perceptions of service delivery, NPTA commissioned a study of printers across the country to determine their perceptions of paper merchants' services and to learn more about their expectations. The NPTA National Printers' Perceptions Study, conducted by Denis F. Healy & Associates, Inc., Portsmouth, NH, consisted of a two-page mail survey containing a variety of questions relating to the characteristics of the printer respondents, their expectations for the future, their relationship with paper merchants, the distribution of purchases by types of paper, and, most importantly, their ratings of the importance and performance level of a number of characteristics associated with customer service. A total of 9000 surveys were mailed—3000 each of a sampling of commercial printers, in-plant printers and quick printers. The response rate for these surveys approached 20% in each instance. This response level is considered excellent, considering the nature of the information requested and the national-—rather than local—character of the survey. Responses were compiled and analyzed using SPSS/PC+ software. In this article, we highlight the major findings from the study. The videotape of the presentation made by Denis Healy at the NPTA National Convention in September, 1988 is available through NPTA. The videotape goes into considerably greater detail on the findings than is possible in this article.

The responses were received from individuals in each type of printer segment who had significant levels of decision-making authority and responsibility for selection of a paper merchant. These can be seen in Figure 1. The total annual purchases of each type of printer varied widely, with commercial printers representing the highest value of purchase and quick printer respondents having the lowest level. The distribution of purchase volumes can be seen in Figure 2. Figure 3 shows the distribution of sources used by various types of printers. It can be seen that the paper merchant is viewed as the dominant source by all three influences, and that the only other major sourcing relationships are direct purchase (in the case of commercial printers) and paper stores (quick printers). These sources are utilized in the case of extremely large and extremely small purchases, respectively. The predominant type of paper purchase, as might be expected,

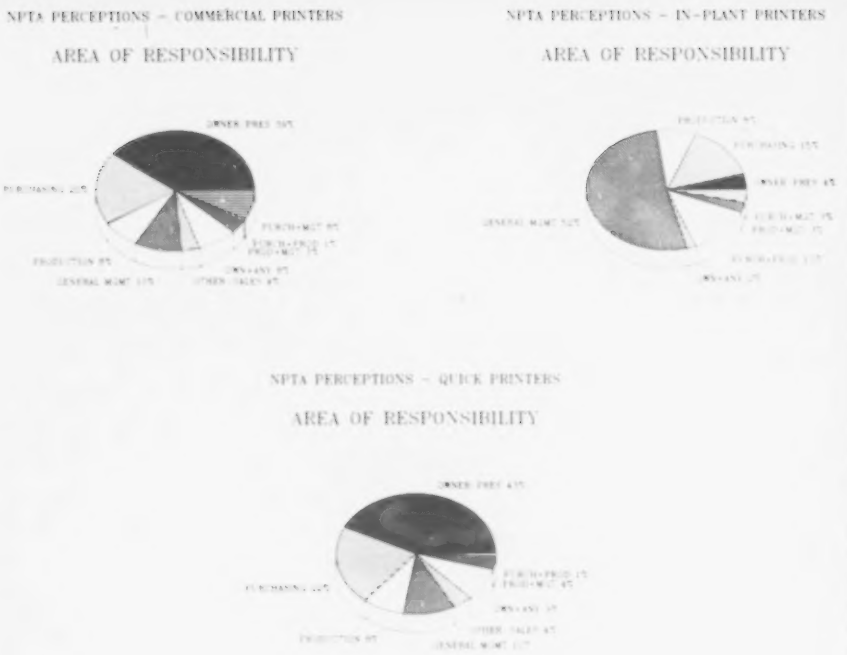

NPTA PERCEPTIONS – COMMERCIAL PRINTERS
AREA OF RESPONSIBILITY
NPTA PERCEPTIONS – IN-PLANT PRINTERS
AREA OF RESPONSIBILITY
NPTA PERCEPTIONS – QUICK PRINTERS
AREA OF RESPONSIBILITY

Figure 1

Figure 2

NPTA PERCEPTIONS – COMMERCIAL PRINTERS
TOTAL ANNUAL PURCHASES
NPTA PERCEPTIONS – IN-PLANT PRINTERS
TOTAL ANNUAL PURCHASES
NPTA PERCEPTIONS – QUICK PRINTERS
TOTAL ANNUAL PURCHASES

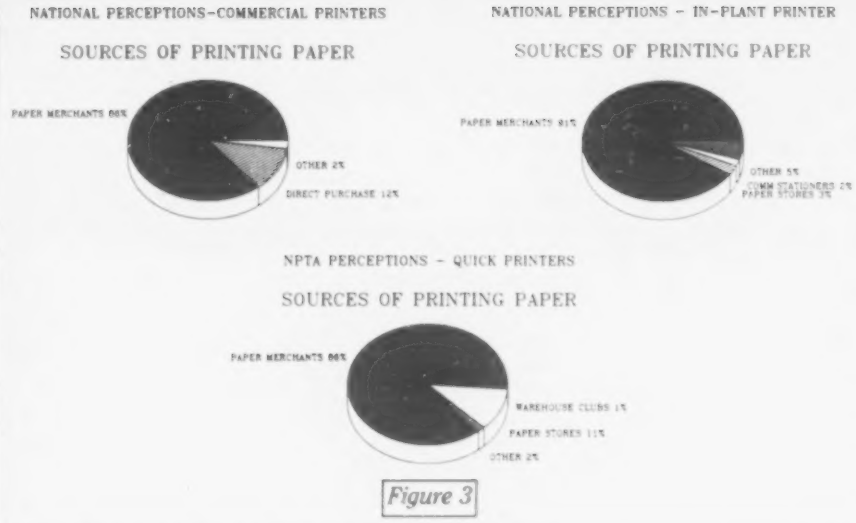
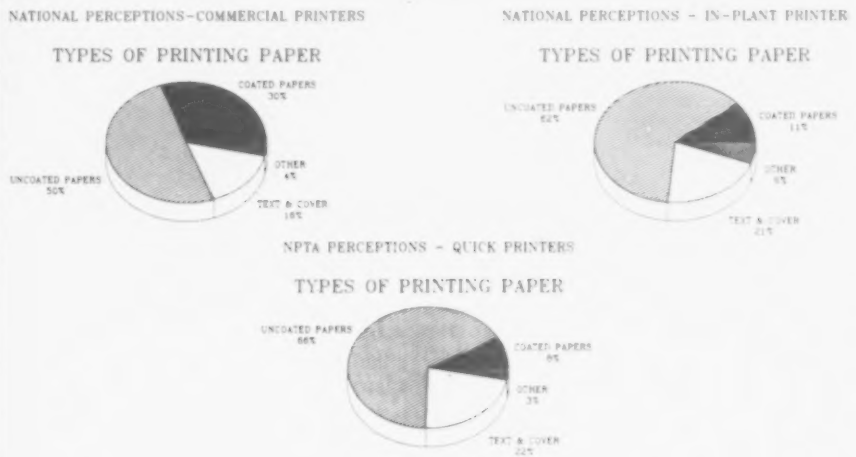


Figure 3



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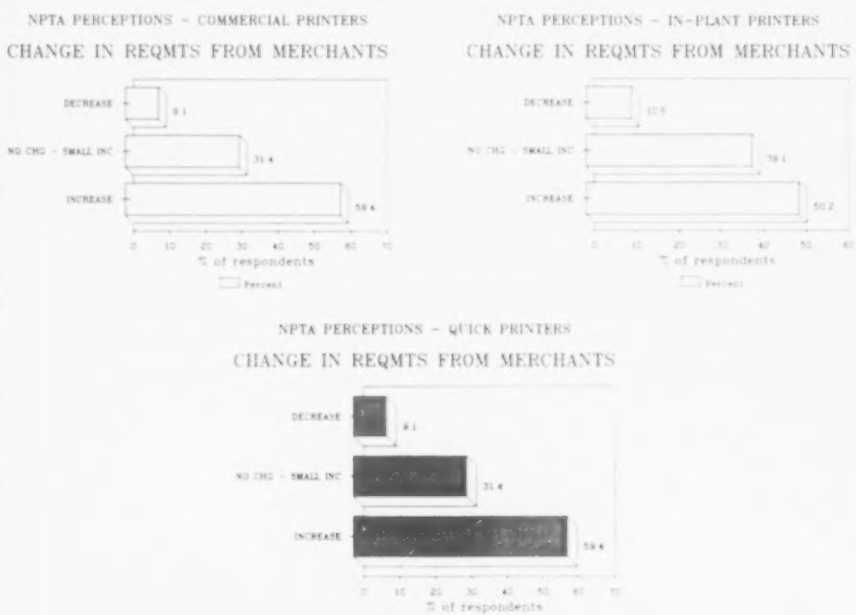


Figure 5

is uncoated papers. However, the commercial printer tends to purchase a wider mix of product than do the other two. At least 50% of all purchase volume goes into the uncoated category. Figure 4 presents a summary of these purchase patterns. Finally, in terms of basic background information, we present the results of the perceptions of printers regarding the types of changes they expect in their purchase requirements over the next two to three years. It can be seen in Figure 5 that all expect their dependence on paper merchants to increase by a substantial amount. There is no indication from the respondents that the importance of the paper merchant is going to diminish. However, as will be seen later, for merchants to be responsive to the changing and expanding needs of the printer community, they will have to become more focused and effective in the delivery of a variety of customer service capabilities.

Responses were received from printers of various sizes from throughout the country. As a result, it is possible to translate the data obtained from these samples into a national picture. As with any sampling process, it must be recognized that the responses obtained are suggestive of trends and interests among the members of each printing community. However, there are always statistical limitations on the interpretations of the results. In this case, the reader is advised to view the findings as suggestive of perceptions and concerns, rather than being exact pinpoint representations of the views of members of each printing community. In this regard, it should be noted that there were few (if any) differences in responses within each type of printer on a geographic basis. There are considerable differences, however, between commercial, in-plant and quick printers, and between printers of different sizes—both within and between types of printers. The main findings suggest that the major performance concerns and criteria of printers relate to the same fundamental issues that confront virtually every business—namely, delivery frequency and reliability, price levels, order fill/completeness, and some measure of product availability and customer service level. Other issues, such as returns and credits, field sales, location, technical assistance, phone access, and terms and credit, although of interest and concern, are not the deciding influences on printers' choices of paper merchants.

Getting the Order

This dimension of customer service relates to the capabilities that you project to potential customers and with the overall effectiveness with which you access customers in customer locations—both physically through the field sales force, as well as through various communications linkages, such as the telephone and computer system.

Specifically, the dimensions that the customer evaluates are:

Sales Force Effectiveness: The appearance and overall sensitivity and understanding exhibited by your inside and outside personnel is one of the first things that the customer evaluates. In many ways, the sales force *is your company* in the eyes of your customers and potential customers. The attention paid to assisting the customer, the knowledge that your personnel exhibits, the overall responsiveness to needs of customers, all figure heavily in your customer's evaluation of your ability to provide service.

Telecommunications Capabilities: The potential customer, as well as the established customer, pays a lot of attention to the ease with which they can access you and your facility. All too often, one of the most undernourished aspects of a company's overall service capability is the telephone system. A test of how well your voice communication system is working is easy to perform. All you need to do is try calling your place of business at different times. Note how many rings, how long it takes to get transferred or connected to inside sales...customer service...your own office!

Suffice it to say, promptness and the courtesy with which telephone calls are answered has a dramatic impact on how you are perceived by the customer. Long delays, repeated transfers from one individual to another, extensive rings before the phones are answered, and so forth—all are interpreted as indications of lack of service orientation or lack of facilities to properly handle customer requirements.

Physical Locations and Facilities: The appearance of your facilities, the availability of parking and loading space, the overall cleanliness and orderliness of your inventory, and your proximity to customer places of business figure heavily in the customer's evaluation of your service orientation. Even such seemingly unimportant factors as the appearance of trucks and personnel can shape the willingness of customers to consider placing an order with you.

Time Sensitive Services: Your quick response capabilities are one of the first things that many printers see. Many may have their initial contact with you in a situation where there is a need for a fill-in item or an item to handle an emergency. Your ability to be responsive under these circumstances obviously will have long-term effects on many of these individuals, some of whom may currently be using you as a second or third source. The manner in which the first impressions are made shapes heavily the long lasting *perceptions* formed of you and your capabilities. Speed, accuracy and care are the cornerstones of responsiveness.

Your Past Performance: The willingness of existing customers to place additional business with you is directly related to how well you served them in the past. Thus, every time a customer places an order, it is submitted with some recollection of how previous orders were handled. Every order you receive is a "vote of confidence" in your abilities and every order lost is a vote, too. Holding on to customers is about the most important challenge you face. It is far easier to hold onto an account than it is to resurrect one you have lost.

Your Reputation: For new customers, their willingness to do business with you is dependent on the items described above as well as the overall reputation that you enjoy. Your reputation is a result of how well or fully you have served accounts in the past. It is important to remember that customer perceptions are the result of accumulated experience over many transactions. Consistency and a caring attitude on your part provide the framework for the customer. Inconsistent behavior, errors and lack of attentiveness to the details can do a lot to damage relationships. The relationship is the most fragile part of the transaction. It must be done well, extraordinarily well, every time.

Criteria: The customer evaluates the various aspects associated with your ability to get an order by using many criteria. Some of these have been discussed above. They relate to the following types of issues:

The understanding that you exhibit of the requirements and situation of the customer; your reputation; the quality and breadth of the lines that are offered; The adequacy of your facilities and information handling systems. Then there is personnel. The characteristics of your personnel are evaluated early in the process—namely: courtesy, understanding of the customer's situation, product knowledge, appearance, and responsiveness to customer requests for information and assistance. These criteria are certainly not new or unique, but are extremely important ones that should concern you.

The human relations skills employed by all of your personnel have a major bearing on how you are perceived by customers, suppliers and the community-at-large. The concern that employees express over your customers' needs, the interest they have in the customer and in the business, the courtesy and the responsiveness they exhibit, are recognized and remembered by your customers. Where these relationships are well developed, you are distinguished from other companies as a responsible and concerned paper merchant.

The Importance of Being First

In the National Printers' Perceptions Study we found that the merchants with the highest performance ratings are also the ones who receive a larger share of a printer's business, on average. This is certainly only reasonable, since there should be a direct linkage between performance rating and share of business received, customer loyalty, or both. As has been demonstrated in numerous Perceptions studies in a variety of industries, the top source receives approximately 60-70% of the volume that is available. The second source receives 15-25%, and the other sources receive whatever is left. The importance of being first could not be demonstrated more vividly than the graphical representation of these relationships, as shown in Figure 6. Figure 7 shows a comparison of the performance ratings accorded each merchant when they are either the top or second source. It is notable that there are major differences in ratings in several important categories—particularly those mentioned previously as being of top importance, such as delivery, pricing, order fill and customer service. Clearly, these areas are to be stressed, as individual merchants evaluate their business and the perceptions of their customers relative to their service capabilities.

Processing the Order

Assuming that the customer evaluates you well in terms of your potential ability to handle his orders, it is likely that an order will be placed with your company.

The placement of an order triggers the launching of another series of service capabilities. In this dimension of the service activity, the customer evaluates the length of time it takes you to process the order and deliver it back to his location. There is also likely to be concern about the accuracy with which the order has been placed.

And most important, of course, is your ability to fill an order completely the first time around. This is paramount in this era of "just-in-time" everything. The true essence of competition is time-based competition.

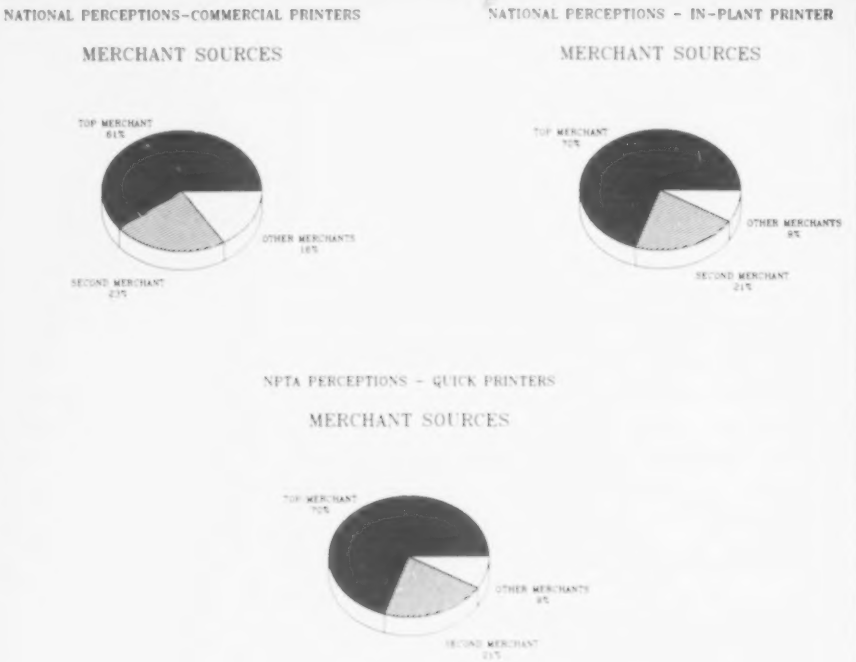
The following components are important elements of the overall assessment made of your ability to process the order:

Policies and Paperwork: In some companies, once the order is mailed or phoned in by the customer it goes into a paperwork (or electronic) jungle. The smoothness with which you take in orders and convert them into a form that is understood by your accounting, operations, warehouse and delivery personnel, the better off you will be. This is a matter of adopting and following policies and procedures which have been thoroughly tested for efficiency and accuracy. Pay particular attention to order-entry capabilities, the billing system, and credits/returns procedures.

Look at your data processing capabilities, whether it be a manual system in which a great deal of paper is involved, or an electronic, computer-based system. Both can give you and your customer nightmares!

Remember that to operate effectively and efficiently, you must be able to identify the status of customer orders at every step along the way from order receipt to delivery to the customer. Attention should be given to the format and flow of paperwork, the telephone answering routines that are followed by your customer service people, and the ease that is associated with presenting and retrieving information from the system. The day is approaching rapidly when you customers will demand (and get) direct access to much of your information system. Are you ready for this?

Special Orders and Technical Assistance: From the customer's standpoint, the "acid test" of your service capability is your ability to respond to special and emergency situations. In a hospital, there are crack teams trained to render emergency services in such situations as heart failure or shock. This should be the case in your company, too!



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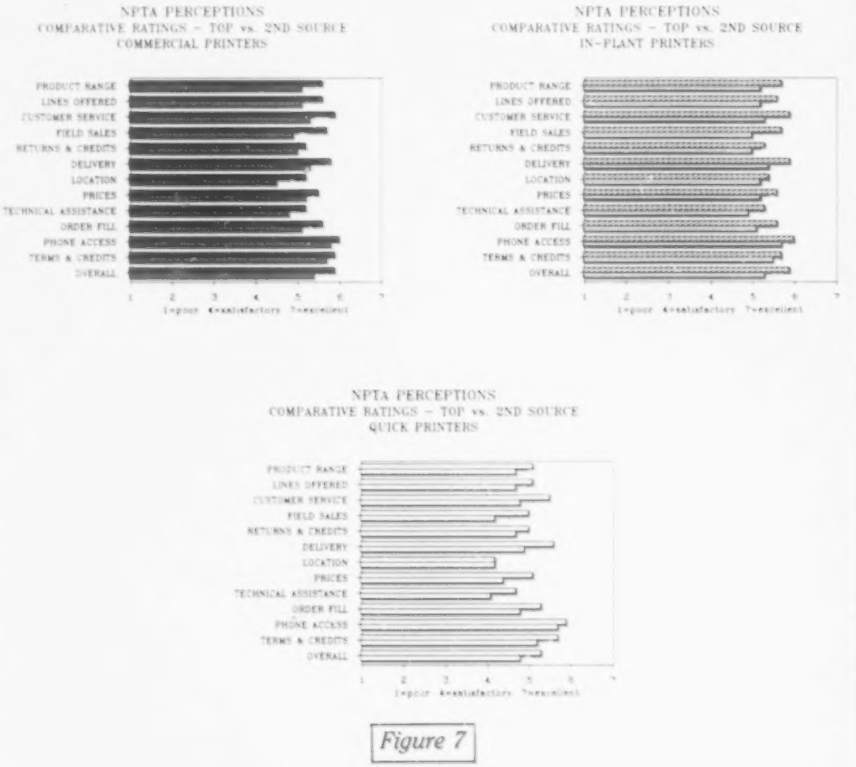


Figure 7

Your inside sales and customer service people should be trained to respond promptly and effectively to requests for emergency help. Procedures should be established for expediting and tracking needed material and information. Although it is impossible to think of all the possible emergencies and needs for assistance that could arise, it is prudent to evaluate the most common situations, and to develop written procedures and training programs for dealing with them.

Expediting and Back Order Handling: Just as your needs change periodically from what you expect them to be, so, too, is the case with your customers. It may be that priorities change and what once was an acceptable backorder condition converts to a high demand situation. Or the lead time that once existed for an order no longer can be tolerated by a customer. In these situations, as with the emergency orders and special orders, there is a need to pay particular attention to customer needs.

After all, these are the times that customers remember the most. If you "blow it" here, a lasting impression is made. Efforts should be made routinely to streamline expediting procedures and to provide expediters—inside sales and customer service people with the necessary tools and techniques to handle such conditions, without hassling or confusing the customer.

Delivery Reliability and Capabilities: The ultimate test of your capabilities is your ability to deliver the order in a reliable and timely fashion. Oh, yes!...with no surprises or backorders either.

Criteria: The criteria that customers employ in making these evaluations relate to such matters as speed of order completion, the accuracy with which orders are filled, the availability of informed personnel to respond to customer requests for information and for assistance, the reliability of the order process and the condition of shipments when they are received by customers. Where there is a high level of variability or where there is a substantial deviation from acceptable levels, practices should be remedied immediately.

The performance of various order processing functions such as order fill, delivery capability, customer service, phone access and technical assistance are all rated in the National Printers' Perceptions Study. The importance of delivery, as has been stressed previously, is paramount to the succesful working relationship between the merchant and the printer. This is obvious, but nevertheless can be forgotten in the rush of details that typically surround the typical transaction. In addition, the obvious importance of an effective customer service capability to take in orders and to be responsive to questions and expediting requests of customers is an essential ingredient in a time-sensitive business such as that of a paper merchant. The performance of merchants in the eyes of the commercial, in-plant and quick printers in these areas is quite good, as can be seen in Figure 7.

Following Up on the Order

The order is technically completed when it is delivered and the customer has paid the bill. Somewhere in the transition between processing the order and following up are the very final steps of invoicing the customer and collecting the charges associated with the order. A consistently applied billing and order completing procedure is necessary for any business to survive in today's competitive environment.

As a first step in evaluating your capabilities in this area, you should examine the level of accounts receivable that you have and also the number of customers who are taking discounts in spite of the fact that they do not comply with the procedure. Should these be at unacceptable levels, look at the reasonableness of your terms and re-examine the credit-worthiness of your accounts. Make changes where appropriate. Listed below are several other aspects of the follow-up dimension:

Backorder Information: The costs of a backorder are enormous, considering the delays imposed on the printer and the impact of the extra time involved in dealing with the customer. Also, the internal effort that is needed in order to trace down the missing item can be substantial. Attention must be given to fine-tuning your backorder status reporting and tracking procedures and in reducing the overall backorder position. And not to be neglected are the costs associated with lost or diminished business.

Post-Sale Follow-Up and Assistance: Frequently the customer receives the order and then discovers that assistance is needed. Being responsive to these needs may provide you with substantial additional business. At the very least, your responsiveness will communicate to customers your concern for their satisfaction with your service.

Post-sale follow-up is one of the most important selling points that a salesperson can offer. Yet all too often, in the haste to get orders, salespeople forget about the customer who has recently received merchandise. Such oversights must be corrected. Periodic follow-up calls or an occasional visit by you and other managers to discuss general service levels with your accounts (large and small) is essential to maintain customer relations.

Criteria: As with the previous dimensions of customer service, the criteria in this area are reasonably straightforward and hardly unique. The most important concern that the customers have is for the availability and ease of access to your company, your inventory and your sales and service personnel. The availability issue must be evaluated regularly by you.

National Printer Perceptions Results

As stressed above, the importance of follow-up is an essential ingredient in completing the loop with the customer. Follow-up in terms of responsiveness to customer requests for information and service, the responsiveness of the merchant in terms of ability to process returns and credits—these are all dimensions of the follow-up capability. In addition, the continuing relationship between the customer and field sales is a key link in ensuring that there is a continuity in the relationship. As shown in Figure 7, the ratings given paper merchants by the three types of printers demonstrate the relative levels of performance rating. As can be seen, there are differences between merchants and between various types of printers. It is important to review these areas and to ponder ways by which a follow-up capability can be fine-tuned to not only be responsive to customer needs, but also to use this capability as an element to be promoted in the overall marketing program.

The Perceptions Performance Index

As a result of the information gathered from the three types of printers, it is possible to look at the relationship between the importance assigned to various performance and the overall rating that paper merchants receive in each performance area. The relationship between the importance of a particular performance characteristic and the overall rating of a merchant's performance can be shown in graphic form. This interrelationship of importance and performance is shown in figure 8, "Service Mix for Target Markets." Importance ranges from "not important" to "very important," and

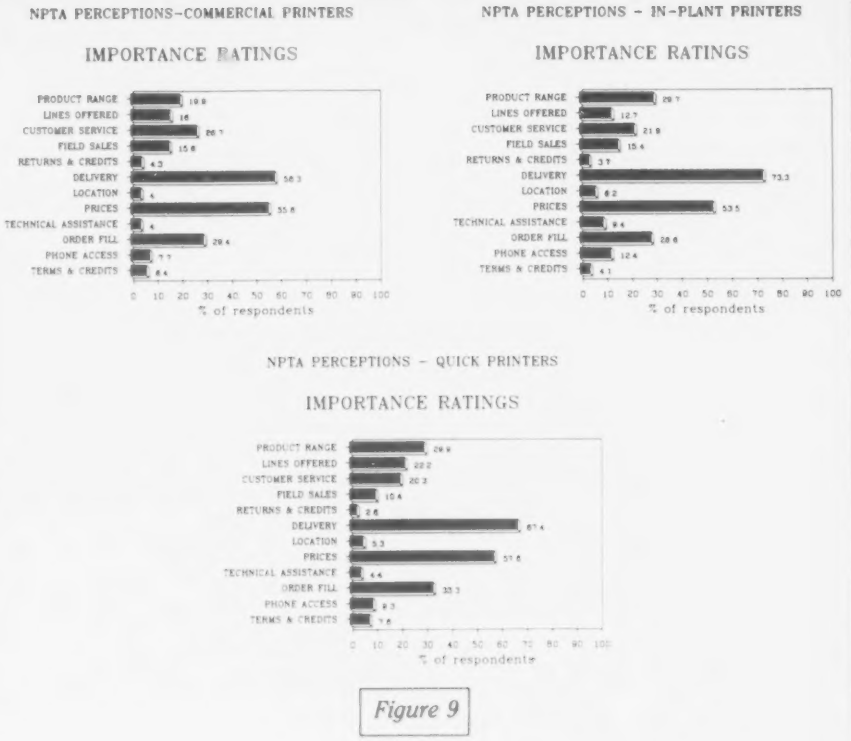
performance can run from "poor" to "excellent." The interrealtionship results in a matrix in which four major cells or categories exist. In the upper right hand corner of this figure is the cell which bounds those performance areas which are both very important and in which the merchant performs very well. This area

Figure 8

is the one which distinguishes an individual merchant in terms of performance capabilities, and in many ways is the core of the differential advantage that a particular merchant enjoys. In the case of the National Perceptions Study, those items that rated high both in terms of importance and performance are to be found in this area. The second cell is one in which performance is less than good, and yet the importance of that particular performance area is high. Items that fall into this cell of the matrix are areas that reequire attention by the merchant, if the firm is to achieve a stronger position with the target printer audience.

The third cell is one in which performance is poor and importance is low. In this area, although improvements could be made, it would require considerable effort, both in terms of improvement in merchant performance as well as education of the customer in order to demonstrate that the particular area was more important than perceived. The combined effort of improving performance and improving the overall perception of importance may well be possible, but it should be of low priority compared to others in the performance matrix. Thus, effort on items in this area should be minimized and redirected to others—such as those falling in the second matrix cell.

The fourth cell of the matrix contains those items where the merchant performance is excellent, but which are not perceived as important by printers. These items are, perhaps, where the merchant



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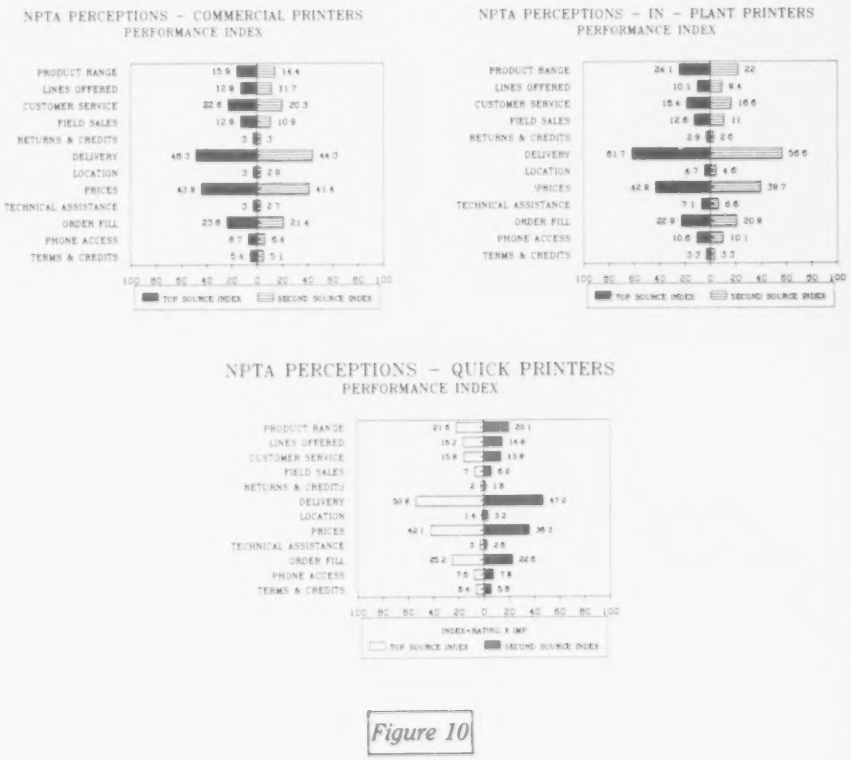

Figure 10

is overinvesting effort, which again might be better redirected toward other items such as those found in either cells 1 or 2. Thus, through analysis of both importance and performance ratings, one can deduce those areas where efforts should be redirected.

The importance accorded to various performance characteristics varies by type of printer, as shown in Figure 9. The differences in importance in items reflect the different needs and expectations that various types of printers have.

The combined influence of performance rating and performance score then maps out an index which has been developed as a result of preliminary analysis of the Nation Perceptions results. This index, the Perceptions Performance Index, shows the interrelationship between importance and performance rating scores and is constructed on a scale of 100 points. The higher the index, the more important the area and the greater the expected performance level of a particular merchant in that area. Figure 10 shows these relationships. Note the dominance of delivery, price, order fill and product items.

People Make the Difference

It is performance—not promises—that counts. And who decides whether the service was excellent, acceptable or poor? Not the one who gives the service, but the one who receives it. The final judge is the customer, who over time, compares one paper merchant with another, based more on service factors than merely on the products offered. So simple, yet so subtle—the key is service!

A service orientation is essential to the survival and health of all kinds of businesses. But rather than emphasize the obvious, we need to address how to meet service obligations to customers, suppliers and personnel.

To do this, people within your organization must commit themselves to deliver the highest and most consistent level of service they can: performance—not just promises; pride—not just plodding; persistence—not pacifism. The commitment cannot be made without the people. If your people don't acknowledge the importance of the service orientation, if they don't agree to "sign on," the promise will be unfulfilled and it will be business as usual.

Can the McDonald's slogan, "We do it all for you," become part of a mindset, an attitude, an overall commitment? In order for this to happen, the individuals within an organization must be on board with the service orientation; they must be willing to work as a team both within the company and in partnership with customers and suppliers. Otherwise, the service orientation will be nothing more than empty words in a corporate document tacked on some bulletin board.

Obviously, every business has a different approach to customer service. The key point is that how you are perceived by your customers determines your future profitability, growth and competitive position.

The point of this article is that your industry is at a major turning point in its development. In several earlier *Management News* articles, we have considered the future as it impacts you, your organizations, and the industry as a whole. From my perspective, the future of the industry rests on how creatively and productively you respond to the service expectations of customers. This is the single most important challenge to be met. You must find ways to assure your customers, and ensure for yourselves, that you have the desire and ability to do it their way! These are truly service encounters of the right kind.

Conclusions

This first nationwide study of printers' perceptions provides some baseline information upon which a variety of assessments can be made by individual merchants and their printer customers. Clearly, the importance of order fill, delivery and pricing are standout areas which distinguish strong from weak merchants. By the same token, other dimensions of the service equation might be overlooked. The issues addressed previously in this article provide an overview of those areas where attention is needed and where a stronger relationship between the merchant and the printer is sought. Fundamentally, all the dimensions and issues considered here relate to the marketing and operations skill of the merchant. Without question, it is important to have both adequate communications and materials handling capability, as well as human resources to make the equation complete. At the core of any effective working relationship are the commitments made by individuals on both sides of the equation to operate in an open, trusting and cooperative mode. All of the systems in the world will not make personal relationships effective unless individuals are committed to working together and to resolving differences in both perception and performance as they occur. It is important, as a result of this study, to remember that all aspects of a merchant's activities ultimately are perceived by the customer as an indicator of the capabilities and commitment of the merchant to render high-quality customer service.

We are both fortunate and challenged to be living in these most interesting of times. We all are given the opportunity to decide how much effort and creative energy we'll invest in shaping our future. Those who say, "Why bother?" are making a conscious choice to let circumstance and others dictate what happens to them. Those who strike out and believe that they do make a difference will be amply rewarded. In this article, we have highlighted the results of NPTA's *National Printers' Perceptions Study*. It is easy to pass off the findings and recommendations as something that other merchants should be doing. The importance of these findings however are directly applicable to every merchant. The findings are far more than just an overall picture. They reflect the perceptions and concerns of printers in your marketplace and thus deserve your attention.

A PERCEPTIONS Study, focused on your customers and your marketplace, can bring performance expectations and your ratings into sharp focus. Every paper merchant has a different approach to customer service. The key thing that should be remembered is that your customer service approach and how you are perceived by your customers determines the profitability, growth and competitive position you will enjoy in the future.

Customer service is something that must be worked on constantly and evaluated regularly. As a start, ask yourself, "Is *my company* the kind of company with which I, as a customer, would want to do business?"

Those who bother, are committed to a better future. They instinctively put themselves in the other person's shoes and strive to build relationships that endure through thick and thin. Those who care, demand excellence of themselves and those they associate with. They measure success by the satisfaction they bring others and by the productive use of resources. They are not supermen or women, but they do understand that the foundation of a successful relationship is based on trust, shared perceptions, and a commitment to work together to make it happen. So I ask you, "Why bother?" If you don't, who will?

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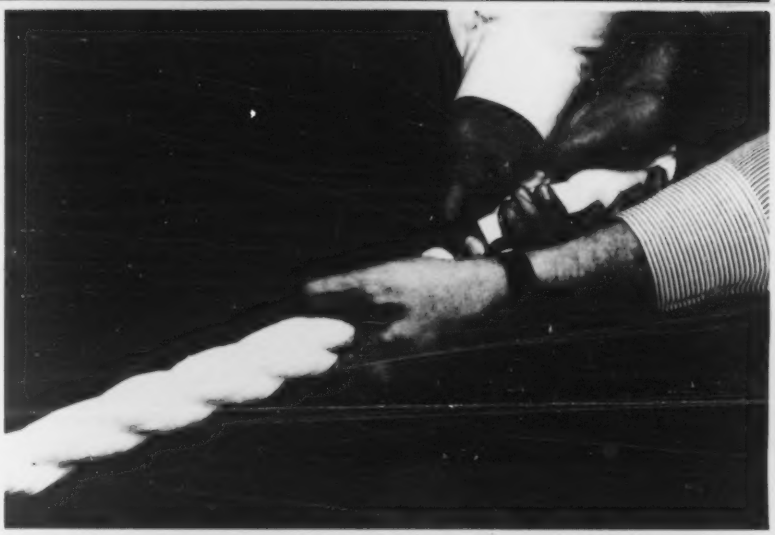

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Cover photo: Richard Chesnut

Paper Production to Grow Over Next Three Years

The American Paper Institute's annual survey shows a firm commitment to plans for new paper and paperboard capacity.

"Capacity plans, including new mills and other improvements, for manufacturing primary paper and paperboard in the U.S. should add 8,249,000 tons to the industry manufacturing base in the three-year period 1989-1991," said Red Cavaney, president, American Paper Institute (API) at a news conference held on December 21st to report the results of API's 31st annual capacity survey.

"This growth in capacity, financed by record capital outlays," Mr. Cavaney continued, "will permit the industry to increase output of primary paper and paperboard at a 3.3% average annual rate and to reach a potential for 88,564,000 tons of production annually in 1991."

Continuing long-term economic growth and the ensuing demand for paper and paperboard products, coupled with competitiveness in global markets, are reflected in plans for new capacity.

During the same three-year period, wood pulp capacity is reported to advance at an annual growth rate of 2.6%. Planned imporvements at new wood pulp mills will add 5,078,000 tons of capacity by 1991, bringing the industry capacity to 67,754,000 annual tons.

Increased use of recyclable paper is also reported in the survey. Consumption, which totaled 19,770,000 tons in 1988, is estimated at 23,025,000 tons in 1991, if the industry operates at capacity in that year. Consumption of recyclable paper, as a component of total fibers, will increase its share from 24.4% in 1987 to 25.6% in 1991. This 5% share gain continues the increasing use of recyclable paper as furnish for papermaking.

Capacity projects included in the survey are firm commitments. Such projects will usually be approved by senior management or boards of directors, have assured financing and, in many instances, will include site acquisition and signed contracts for equipment.

Anticipated growth rates in industry capacity mark the second consecutive year in which producers have increased their year-earlier expansion plans. In the 1987 API survey, 1990 capacity was expected to reach 84.1 million annual tons for paper and paperboard and 64.4 million annual tons for wood pulp. Both of these estimates should now be exceeded in 1990 and sustained growth is expected to continue through 1991.

The ratio of wood pulp capacity to paper and paperboard capacity, which was measured at 79% in 1986, is now estimated to be 77% in 1991. As reported last year, this development indicates plans to increase the utilization of recyclable paper, not an industry fiber deficit.

Other highlights of API's survey include:

- Capacity for printing and writing papers, mostly uncoated free sheet, coated groundwood and coated free sheet papers, is expected to grow at a 3.9% average annual rate. Capacity will increase from 23,064,000 tons in 1988 to an estimated level of 25,887,000 tons in 1991. In that year, printing and writing paper capacity should grow to 29.2% of all paper and paperboard capacity, compared to 24.7% in 1978.
- Planned additions to newsprint capacity will total one million annual tons and will yield a growth rate averaging 5.2% annually through 1991. Capacity is expected to increase from 6,116,000 annual tons in 1988 to 7,117,000 tons in 1991. The basis for this growth will include the construction of three greenfield mills and the installation of a large new machine in an existing mill. These new facilities, which will be brought into production in 1989 and 1990, will end a six year low-growth period in which no new machines were installed and capital expenditures were concentrated on product improvement.
- The capacity for tissue papers is expected to grow at a 2.7% average annual rate as a result of the installation of five new machines between 1989 and 1991.
- On the heels of a 436,000 ton capacity reduction in 1987 and 1988, which continued an earlier trend, capacity for unbleached kraft packaging papers will increase by 71,000 annual tons in 1990 and 1991.
- Domestic demand for corrugated shipping containers and off-shore demand for U.S. containerboard have been at record levels throughout the 1986-1988 period. Producers of unbleached kraft and semi-chemical paperboard now plan to increase capacity at rates higher than at any time in the past decade.
- Capacity for solid bleached and recycled paperboard is expected to grow at annual rates averaging 2.1% and 1.8%, respectively, in the three-year period 1989 through 1991.
- Although no greenfield mill capacity for market wood pulp was reported in the survey, capacity was increased by 839,000 annual tons in 1987 and 1988. Future expansion, planned for 1989 through 1991, will add an additional 525,000 annual tons. Together, these increases will achieve a 17% capacity gain over the 1987-1991 period.
- Planned additions to capacity for sulfate and soda paper grade pulps, which now comprise more than 75% of all wood pulp produced in the U.S., should increase capacity at a 2.6% annual average rate from 48,496,000 tons in 1988 to 52,381,000 tons in 1991.

Copies of the Capacity Survey are available for $300 each, domestically, and $325, overseas, from the Capacity Department, Box SM, American Paper Institute, 260 Madison Avenue, New York, NY 10016.

GROWTH TRENDS IN PAPER PRODUCTION CAPACITY

(Thousands of Short Tons)

ADDITIONS 1979-1988

GRADES	10 YEAR INCREASE	AVERAGE ANNUAL GROWTH
TOTAL PAPER & PAPERBOARD	17,223	2.4%
TOTAL PAPER	9,739	2.8
NEWSPRINT	2,012	4.1
PRINTING & WRITING	7,498	4.0
PACKAGING & IND. CONV.	(752)	(1.3)
TISSUE	982	1.9
TOTAL PAPERBOARD	7,485	2.1
UNBLEACHED KRAFT	5,120	3.0
SOLID BLEACHED	482	1.1
SEMICHEMICAL	1,057	2.0
RECYCLED	826	0.9

PLANNED ADDITIONS 1989-1991

GRADES	3 YEAR INCREASE	AVERAGE ANNUAL GROWTH
TOTAL PAPER & PAPERBOARD	8,249	3.3
TOTAL PAPER	4,432	3.5
NEWSPRINT	1,001	5.2
PRINTING & WRITING	2,823	3.9
PACKAGING & IND. CONV.	137	0.8
TISSUE	470	2.7
TOTAL PAPERBOARD	3,817	3.1
UNBLEACHED KRAFT	2,423	3.9
SOLID BLEACHED	306	2.1
SEMICHEMICAL	573	3.2
RECYCLED	515	1.8

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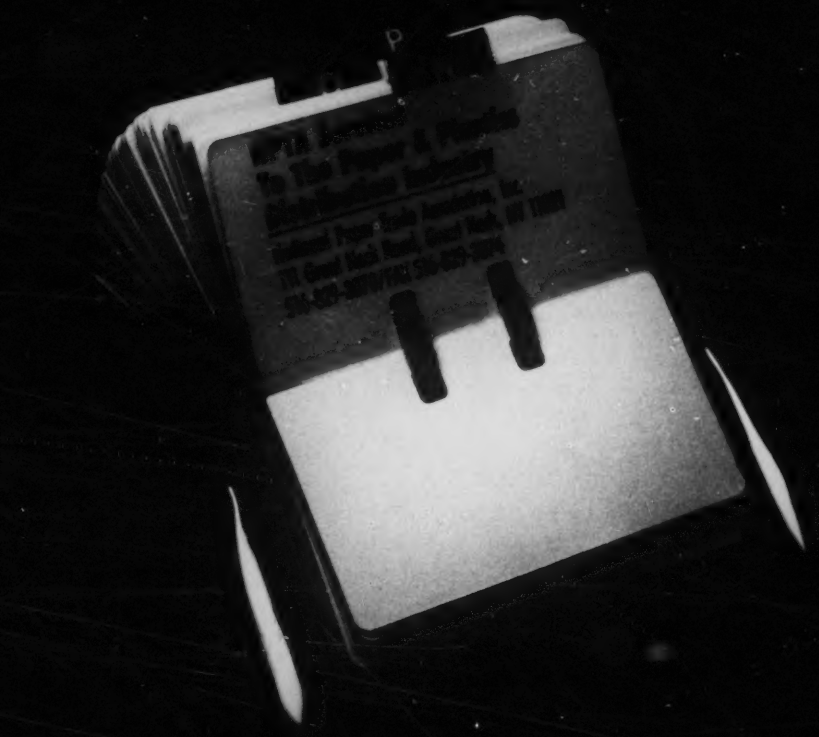
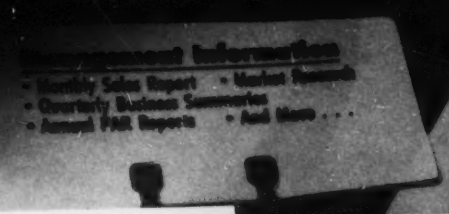
The Industry's Partner





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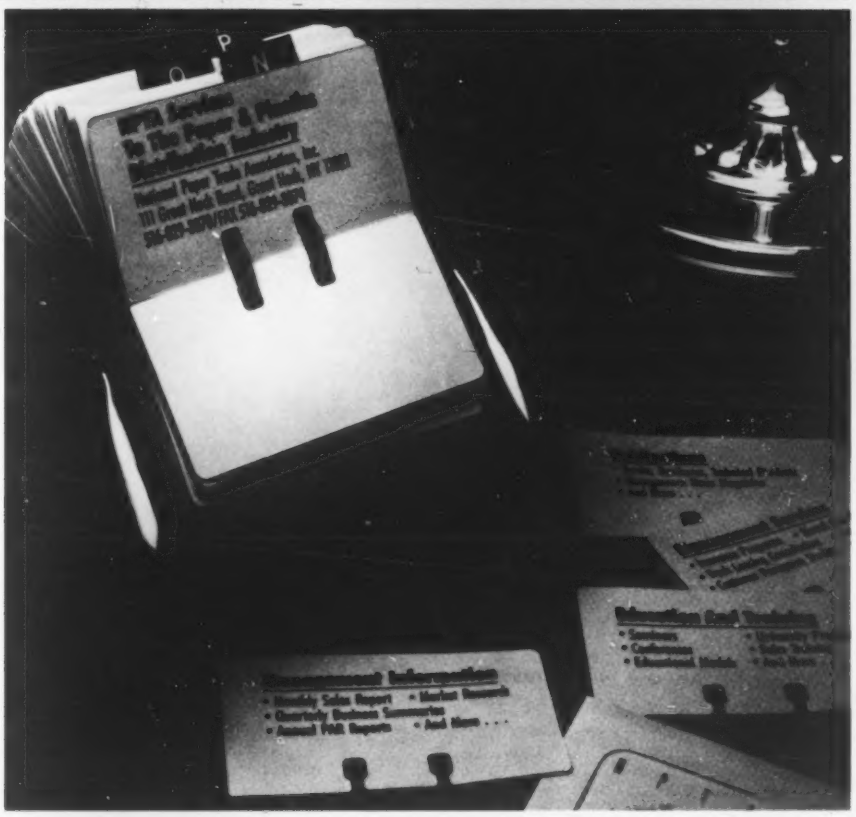

Discover the world of NPTA

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by Tom Reid
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SPECIAL SECTION: NPTA—Your Industry Partner
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Cover photo: Richard Chesnut

panies. There are hundreds of converters who purchase adhesive-coated pressure-sensitive tape stock for further processing, repackaging and distribution. These companies provide many custom services to end-users and are, for the most part, small and privately-held.

For more information about the report, contact The Freedonia Group, Inc., 20600 Chagrin Blvd., Cleveland, OH 44122 or call Jessie R. Hull at 216-921-6800.

Entries Requested for API Award Competition

Since 1969, The American Paper Institute (API) has awarded the George Olmstead Award for original and outstanding paper industry-related research by young scientists and engineers in industry and the academic community.

For the 1989 competition, entries will be accepted until July 15, 1989 and must be based on research completed in the United States since January 1, 1987. Applicants must be under 36 years of age as of December 31, 1989 and citizens or permanent residents of the United States. The winner receives $5,000 and a formal certificate which will be presented at API's annual Presidents' Forum on November 3.

Polystyrene Food Containers: New Raw Material

Mobil Chemical Company and Genpak Corporation are building the first plant to recycle used plastic food packages. The two companies expect to spend $2 million to $4 million over the next three years on the plant in Leominster, MA. Specially designed equipment will wash and dry used foam cups, trays and containers, which will then be ground down and reformed into pellets that can be used to make a wide variety of polystyrene products. The only thing that is prohibited is using the recycled plastic for food packaging.

The initial source of the used plastic will be school cafeterias. Industrial food services, fast-food restaurants and community recycling programs will also contribute to the program. The factory, which will get the used plastic free in exchange for helping the sources reduce their disposal costs, is expected to handle three million pounds of used plastic a year.

PCA Acquires Dygert & Stone, Inc.

Paper Corporation of America (PCA), the largest distributor and converter of paper and related products in the United States, has announced that it has acquired Dygert & Stone (and its wholly-owned subsidiary, FCF Papers, Inc.) in Rochester, NY. The company will remain at its present locations under the direction of Robert S. Adams, president and Robert J. Klein, vice president/sales manager, and will operate in affiliation with Seneca Paper of Rochester.

PCA®

PCA is a subsidiary of Alco Standard Corporation, headquartered in Valley Forge, PA.

G-P to Build New Facility in California

Several sites in the San Joaquin Valley of Central California are under consideration for the location of a new Georgia-Pacific facility which will produce Coralure® corrugated containers and folding cartons. Construction on the 90,000 square foot plant is expected to begin before mid-1989.

Coralure containers, which are used to package agricultural and beverage products as well as consumer goods, are made with a special clay-coated paperboard outer ply. This permits G-P to preprint the surface before box assembly with full-color high resolution graphics.

Average Printer Order Backlog

(in working days)

Industry Group	1988 Jan 1	1988 April 1	1988 July 1	1988 Oct 1	1989 Jan 1	Record* High
All Groups	14.9	14.8	15.0	16.2	15.3	18.0
Sheetfed	13.6	13.1	12.5	13.9	13.8	17.3
Heatset Web	26.8	24.1	24.5	29.5	27.9	35.0
Nonheatset Web	14.5	15.0	16.4	17.5	13.9	22.8
Business Forms +	10.3	8.8	11.1	12.4	10.1	19.9

* Highest reported backlog 1980 through fourth quarter 1988

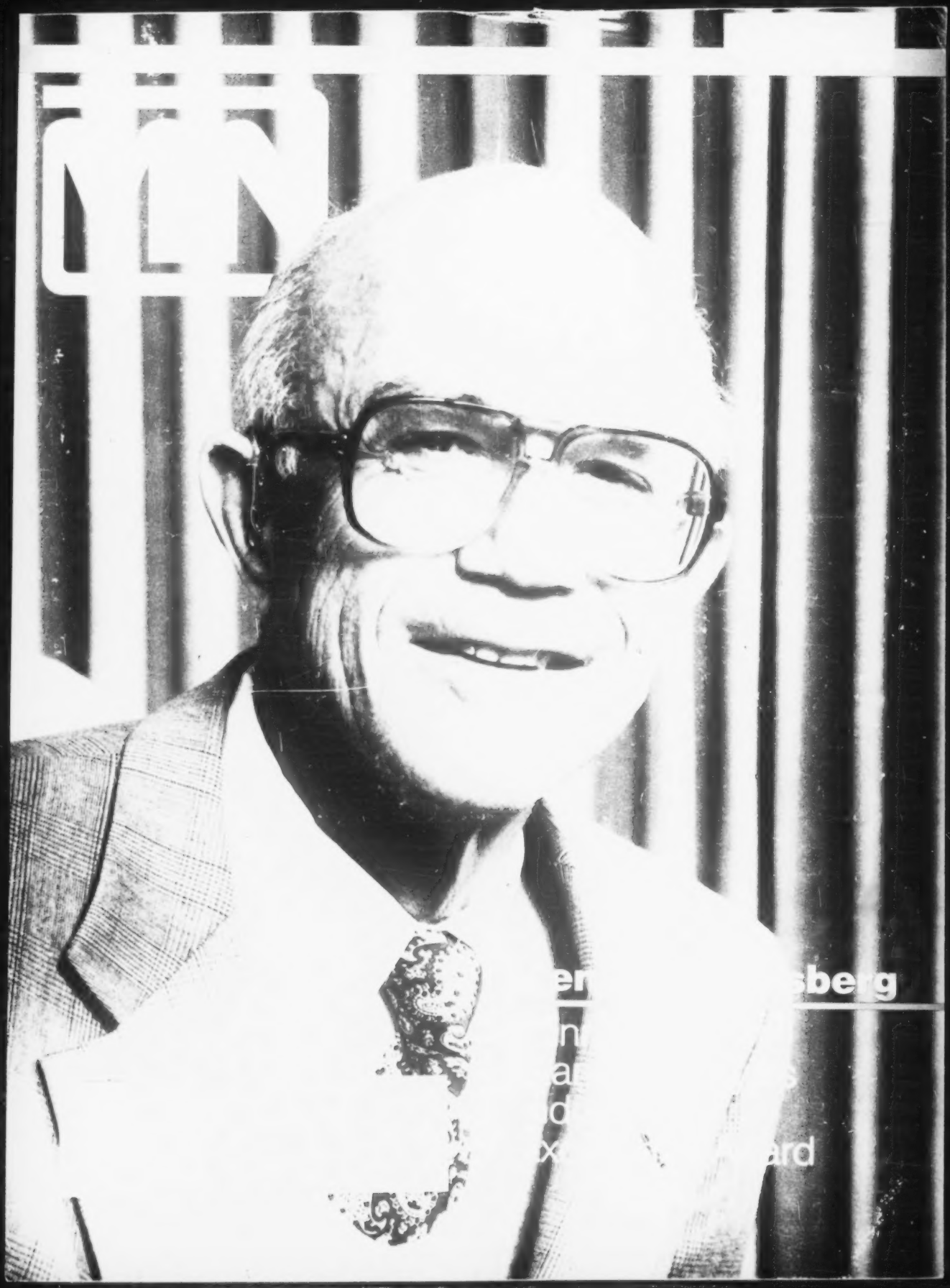
+ Data for companies that produce business forms as a secondary (not a primary) product

Source: National Association of Printers and Lithographers

Order Backlogs at Printshops Up for Fourth Straight Quarter

Business is still good on the customer side, reports the National Association of Printers and Lithographers. The average backlog for 1988 was 15.3 days--4/10 day above 1987 levels.

Heatset web backlogs increased during the third quarter of 1988 and grew even larger by year end. The average 1988 increase in order backlogs for heatset web printers was up 1.1 days.



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Cover photo: Bob Stichel

75% of Distributors Enjoy Their Job, Have Pride In Firm

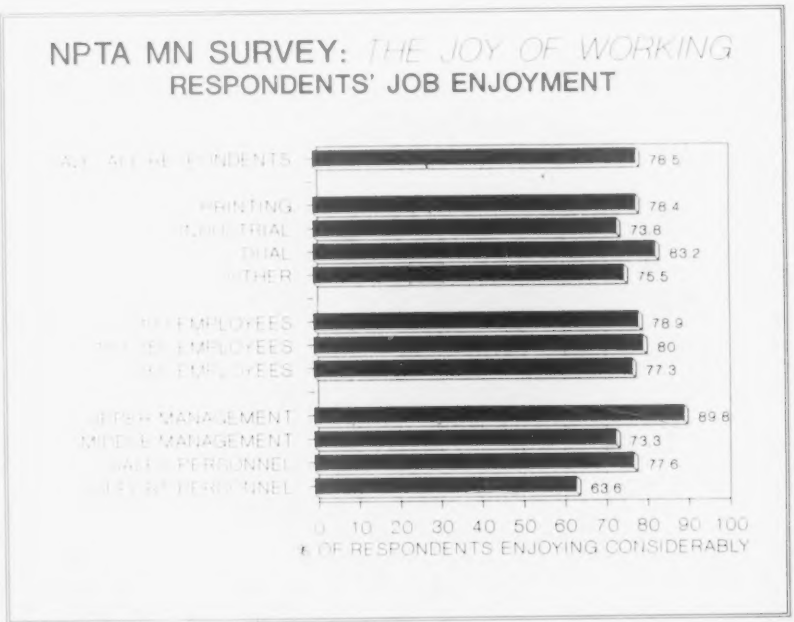
Job satisfaction is so strong that 82% plan to remain with the same firm during the next three years.

More than three-quarters of those individuals that work in the paper and plastics distribution industry enjoy their job and have considerable pride in the company that employs them.

Indeed, job satisfaction is so strong that 82% plan to remain with the same firm during the next three years. That's up three percentage points over figures obtained last year.

More than likely, these opinions directly correlate to the respondents' sense of sharing in their firm's success, that performance is rewarded, and that their superiors are approachable, according to research data.

These are just a few of the trends identified in *Management News'* recent Joy of Working survey, its second annual.



256 Responded To the Survey

Two hundred and fifty-six respondents answered the survey questionnaire, which was published in the March 1989 issue of *MN*. Of those responding to the survey, 36% were from dual companies, 26% came from the industrial side, 20% were from printing paper houses and 18% were from supplier companies.

The bulk of those responding—34%—were in sales positions; 30% were in middle management spots, 27% were upper management types and 9% were in support functions. More than half of the respondents (52%) said they were from companies that employed fewer than 100 people; 18% stated they worked for firms that employed 100-250 people; and 30% reported they were employed by firms with more than 250 on staff.

The majority of those responding to the study—78.5%—said they enjoy their work, and about the same number of respondents—78.1%—were proud of their firm. Not surprisingly, those on the upper management level expressed a positive feeling about their company more often than did other staff members.

What is somewhat surprising is that the number of individuals with company pride increased as the company size increased. Traditionally, those who work for a large corporation often are out of touch with their company's strategies and goals, leaving them with a feeling of detachment. But *MN* research shows that a little under 83% of those respondents who worked for the largest firms felt proud of their employer. Close to 78% of those employed by mid-size firms expressed the same feeling, and about three-quarters of those working for firms with fewer than 100 people had pride in their company. This positive trend for large companies is reflected in other statistics, indicating that these firms are making an effort to satisfy their staff. (More on this later.)

Employees Are Staying Put

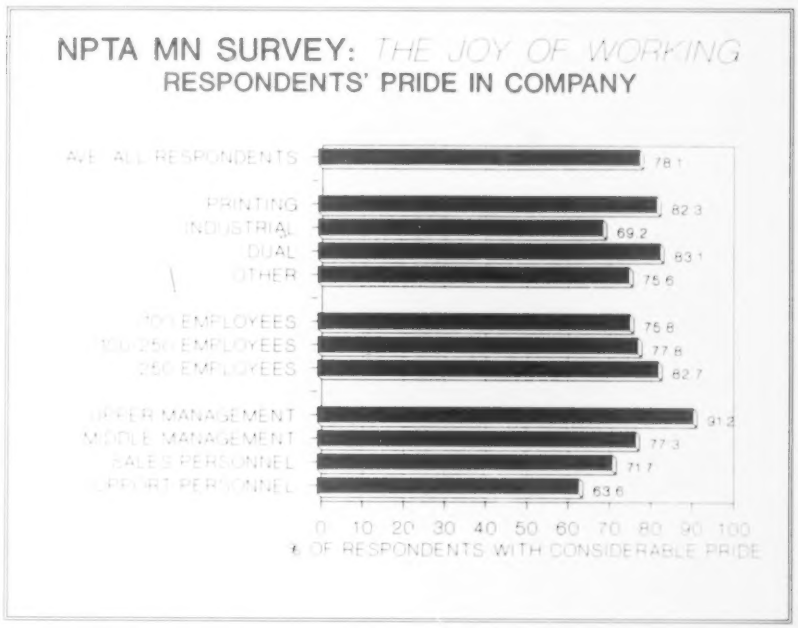
On the whole, however, paper/plastics distribution companies must be doing something right because the majority of those employed in the industry are staying where they are. Eighty-two percent of those responding to the survey expect to stick with the same company over the next three years. Last year's survey revealed that 79% anticipated remaining with their current firm during the same time frame. These data reflect the stability and growth of the industry as a whole during the past few years and the predictions for continued strong business in the near term.

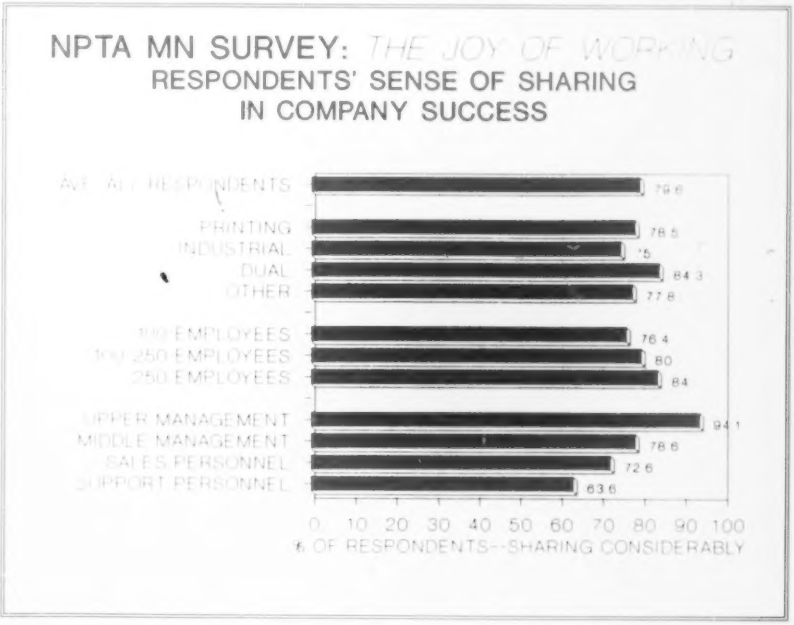
As it stands now, the industry is abundant with people who have been loyal to their employers. Of those answering the survey, 29% have devoted 11-20 years with the same firm; 28% have spent 5-10 years with their company; 25% have less than 5 years of service with their current firm; and 18% have put in more than 20 years of service with the same firm.

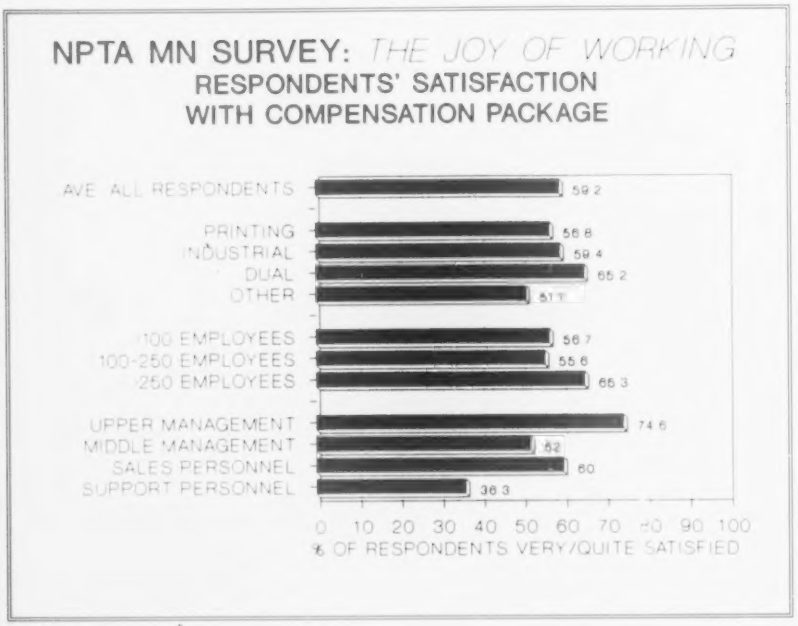
Share In Success

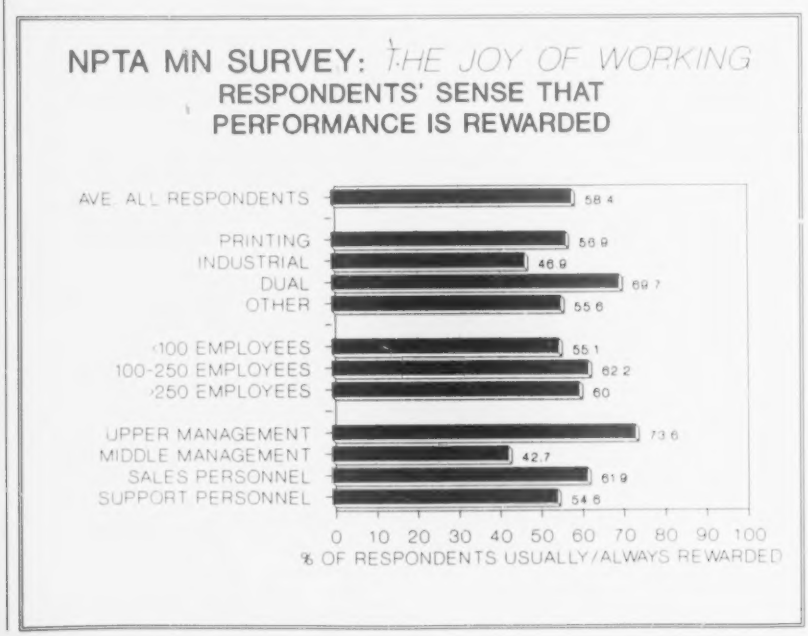
In all likelihood, the high level of job satisfaction *MN* has uncovered is based on how respondents view their company and how they feel they are being treated. For instance, when asked if they felt that they shared in their company's success, 79.6% felt that they shared a considerable amount. As expected, a greater number of upper management types felt this way, compared with those on lower levels. What's more, as mentioned previously, the bigger the company the greater the chance of feeling a part of things. About 84% of those respondents who work for a company with more than 250 employees said they had a sense of sharing in their company's success. The percentages become smaller as the size of the firm decreases.

In another way to measure job satisfaction, the NPTA survey asked respondents whether they were happy with their compensation package. According to the results, more than half said they were quite satisfied with what they were offered. Again, the largest firms apparently are aiming to please: 65.3% of those respondents who work for the largest companies voiced satisfaction in this category; 55.6% of those who are employed









by mid-size firms were pleased; and 56.7% of those in the smallest firms were content with their compensation package. In addition, respondents who work for dual companies expressed satisfaction most often, followed by those employed by industrial firms, printing firms and others. More upper management executives expressed satisfaction (74.6%) than did sales personnel (60%), middle management (52%), and support personnel (36.3%).

Hand in hand with this was a sense that performance is rewarded. Almost 60% of the respondents maintained that their performance is usually or always recognized. More upper management people felt this way as opposed to sales and support personnel. In fact, less than half of middle management respondents had a sense that their work is acknowledged in some way or form. In light of these statistics, perhaps some distributors should re-evaluate their reward system to emphasize achievement. This need not mean investing substantial amounts of money. Employee of the Week (or Month) awards, Secretaries Day and other events are inexpensive but effective ways to recognize a job well done.

Expectations Are Known

Nevertheless, most corporations are communicating more thoroughly and more often, according to survey figures. Close to three-quarters of all respondents have a basic sense of what is expected of them. That's pretty much the case for those working in small firms (74%), in mid-size concerns (61.3%) and large businesses (76%); in printing paper houses (70%), industrial (66.1%), and dual companies (78.4%).

At the same time, corporations are sharing information with their staff, which gives employees the feeling that they are an important part of the company. Nearly 64% of all respondents said their superiors informed them quite often. This is in keeping with 1988 figures. Last year, about two-thirds of respondents felt their superiors shared information on a regular basis. Once again, employees from the largest firms led the field (68.9%), followed by mid-size distributors (64.5%) and small companies (59%). Of course, a little over 80% of upper management respondents said they felt they knew what

(Continued on page 40)

ZELLERBACH, A MEAD COMPANY

Fresno, CA

NELDA SCHMITZ
Executive Secretary 1946

WILLIE TERRY
Operations Superyisor 1947

Detroit, MI

JIM RAMSAY
Sales Representative 1947

FELIX STROZEWSKI
Inventory Control 1946

HAL YOUNG
Sales Representative 1946

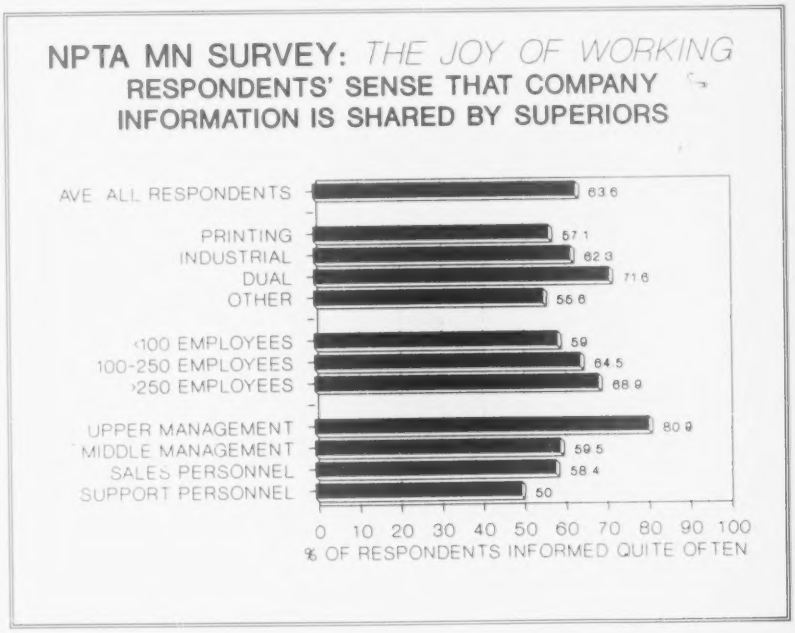
SURVEY/Continued from page 30

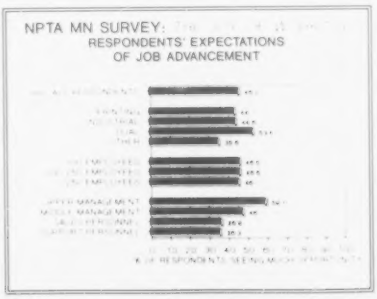
was going on, 59.5% of middle management said the same thing, sales was next at 58.4%, and support personnel followed with 50%.

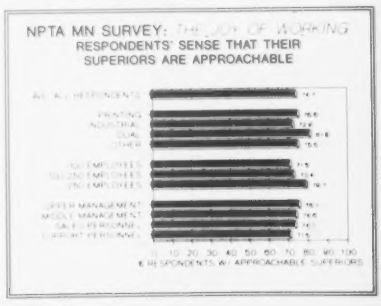
Along with sharing information about the company, executives are making an effort to be more accessible to staff. *MN* survey results show that 74.7% of all respondents believe that their superiors are approachable. What's more, figures are high for all employee levels: 76.1% of upper management respondents, 74.6% of middle managers, 74.1% of salespeople, and 71.5% of support personnel, as well as all three company size categories.

One area that all distributors need to improve upon is creating advancement opportunities. On average, a little less than half of all respondents noted that they see a chance to move up in the ranks. Figures were even for all companies in terms of size (around 46%) and type (about 44%). A greater number of respondents from dual houses (53.4%) said they see advancement opportunities, probably because dual firms are usually larger.

Based on survey data, it's safe to assume that the majority of employees in the paper/plastics distribution industry enjoy their job, are proud of the company they work for and are content enough to remain there for a substantial period of time. Distributors get high marks for that, for they set the tone in ways that are real (i.e., dollars) and intangible (i.e, goodwill). But many executives/owners must do more to build the latter, especially for lower-level staff. When business is on a growth curve, it is relatively easy to share in the firm's good fortune with bonuses and salary increases. However, recognizing employees for jobs well done, creating advancement opportunities and sharing company information, among other things, are the policies that will attract and keep outstanding employees in both strong and weak periods.







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AUGUST 1990

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- NET PROFIT BEFORE TAX UP
- SALES UP 17%
- ROTA PROFITABILITY STABLE
- 1989 PAR SURVEY RESULTS
- DIRECT ORDER SIZES UP
- MN EXCLUSIVE REPORT

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Cover photo: Richard Chesnut

NPTA Study Shows Distributors Must Improve Working Conditions

NPTA research shows that one in nine employees were injured on the job last year, which is higher than the national average.

A new NPTA research report reveals that paper and plastics distributors must make major improvements in the safety conditions of their workplace.

NPTA's new Worker Safety Reporting Program indicates that last year one out of every nine employees incurred an occupational injury or illness in the paper and plastics distribution business. That's 41% higher than the average rate for all private sector industries.

The study is the result of efforts by NPTA's recently formed Human Resource Committee, headed by John Slattery, employee relations director for Butler Paper Company, Englewood, CO. The committee's goal in establishing the project is to identify worker safety problems and develop programs that would help correct them. In the future, research that suggests better conditions theoretically could be used to obtain more favorable insurance rates.

As it stands now, however, distributors must reevaluate and revise their worker safety programs. Using the OSHA (Occupational Safety and Health Administration) formula for determining recordable injury/illness rates, the 99 NPTA firms responding to the association's survey had a recordable rate of 11.7 injuries/illnesses per 100 employees. In other words, one out of every nine employees in the industry suffered some work-related malady.

The 99 distributors employed 13,558 people, for which there were 1,596 total recordable injuries/illnesses. Of those answering the questionnaire, fine paper houses recorded 188 injuries, industrial firms recorded 410, and dual companies recorded 998.

Looking at the recordable rates published by the U.S. Bureau of Labor Statistics, the NPTA 1988 rate is 41% higher than the average rate for all private sector industries.

Even more significant, more than half of the total recordable injuries/illnesses resulted in days away from work. Of the 1,596 injuries/illnesses reported, 868 resulted in lost time. Put another way, injured employees missed at least one full day as a result. The lost-time incidence rate for the 99 respondents was 6.4. This means for every 100 employees there were 6.4 lost-time injuries/illnesses. This rate is more than 70% higher than the lost time incidence rate for all private sector industries.

The figures looked no better when compared to those gathered from the paper converter operations industry. According to the American Paper Institute's 1988 Summary of Occupation Injuries & Illnesses, incidence rates totaled 11.16 per 100 employees. (Figures are based on 392 reporting mills.) Lost work-day cases totaled 4.57 per 100 employees, which is lower than the distributors' figure.

NPTA's study of worker safety is the first report in an ongoing project sponsored by the Human Resource Committee. Data collection forms for the next survey, to be conducted during the first half of this year, already are in the mail. Please fill them out and return them to NPTA, 111 Great Neck Road, Great Neck, NY 11021.

SUMMARY OF 1988 WORKER SAFETY REPORTING PROGRAM
(Incidence Rates Per 100 Full-Time Employees)

	OSHA RECORDABLE CASES			LOST TIME CASES	
	Employee Count	Total No. of Cases	Incidence Rate	Total No. of Cases	Incidence Rate
Printing	1,643	188	11.35	116	7.00
Industrial	3,326	410	12.23	261	7.78
Dual	8,589	998	11.53	491	5.67
TOTAL	13,558	1596	11.67	868	6.35

DEFINITIONS

Recordable Cases —*Sum of lost time, restricted (light duty), and medical treatment (other than first aid) injury/illness cases.*

Lost Time Cases —*Recordable cases which result in days away from work.*

Incidence Rate —*Represents the number of Recordable and Lost Time Cases per 100 full-time workers and is calculated as (N × 200,000)/EH*

N = Number of Recordable Cases of Lost Time Cases

200,000 = base for 100 full-time equivalent workers (working 40 hours per week, 50 weeks per year)

EH = Total hours worked by all employees during the calendar year (total number of employees × 2016 hours)

Merchant Sales Up for Printing a

Major industry findings are summarized here from NPTA's members' use of the PAR (Performance Analysis Report). a new service in 1989. This report was prepared by

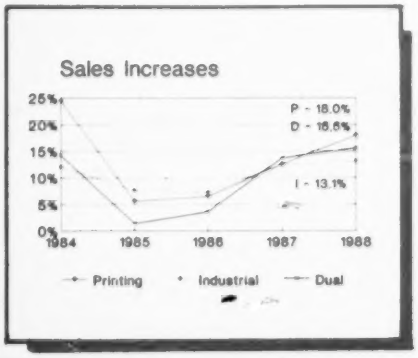
NPTA's 54th annual Performance Analysis Report (PAR), summarized in *Paper Merchant Performance*, shows 1988 continuing 1987's patterns, tempered by inflation. Industry composite results reported to 1989's participants indicated:

- Sales rose, but so did producer prices;
- Profits to sales rose significantly only for dual merchants;
- Return on Assets remained steady;
- Return on Net Worth was steady.

This article provides five-year trends of composite averages for a number of key measures, usually in graphic format. Paper Merchant Performance provides ten-year trends for these and many other measures, as well as providing 1988 performance for various sales volume, profitability groups, sales path or industrial product groups and regions.

PAR and EASE

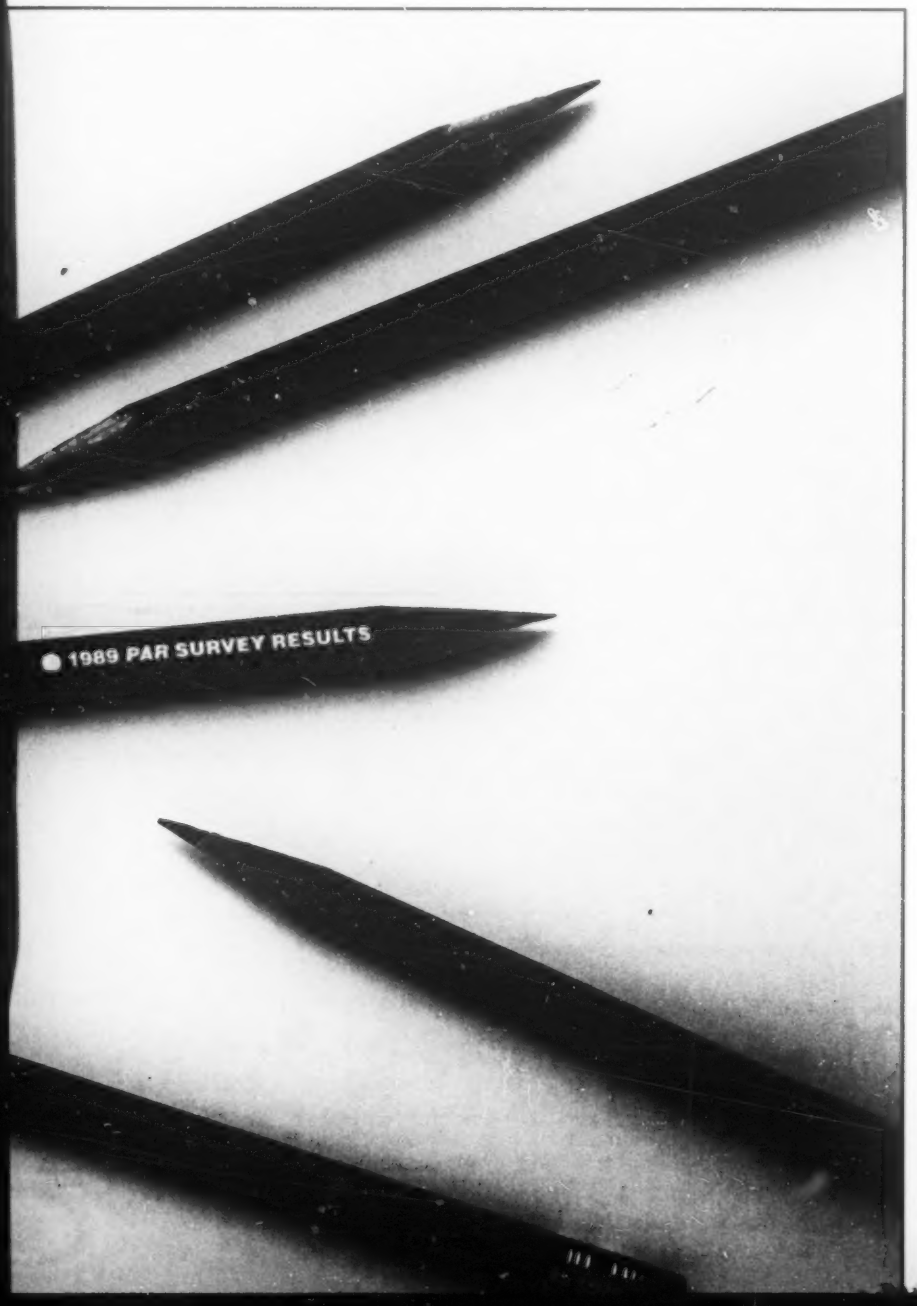
PAR is a comprehensive annual financial analysis designed to allow NPTA members to improve their profitability. Participating merchants completed either a new "EASE" PC-based questionnaire or a paper questionnaire and submitted that to Management Foresight, Inc., (MFI) of Columbus, OH. MFI then sent each merchant a customized report comparing their company's performance to up to 300 different industry-wide or other composite performance measures.



Sales increases as shown above were typical of the past several years.

17%; Profits Strong nd Dual Firms

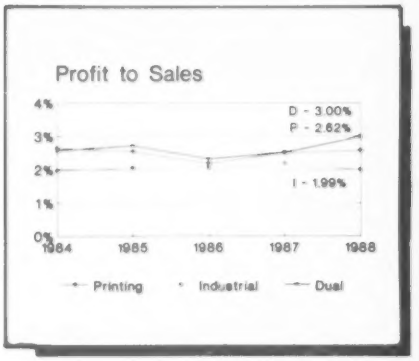
annual *Paper Merchant Performance*, developed from NPTA More than half the forms for PAR came in on a computer disk, George Cain, NPTA's director of research.



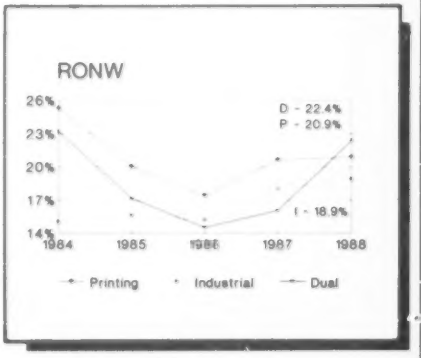
1989 PAR SURVEY RESULTS

Commerce Department Producer Price Indices showed increased costs for merchants averaging 10% over 1987.

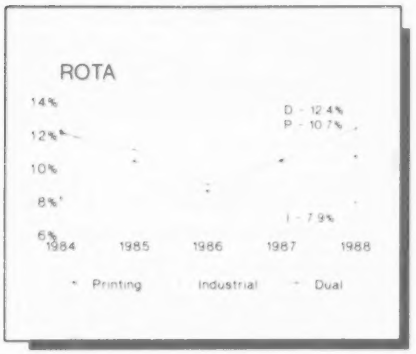
Industrial goods would, as in past years, show only a small increase in sales after adjustment for Producer Price Changes. Printing goods, again as in past years, would show an increase above the growth rate of the US Gross National Product.



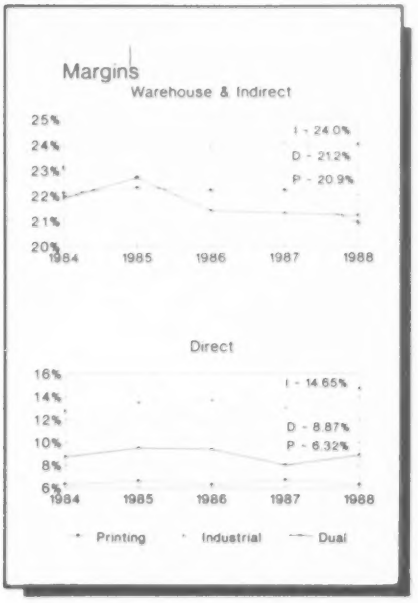
Net Profit Before Taxes (NPBT) as a percentage of net sales basically continued the 1987 patterns for printing and industrial merchants, but dual merchants regained their typical top performance in 1988.



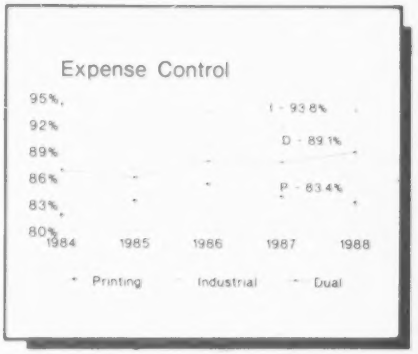
Return on Net Worth (Net Profit before Taxes to Net Worth) also had printing and industrial merchants following typical patterns. Dual merchants fared the best on this measure, for the first time in several years.



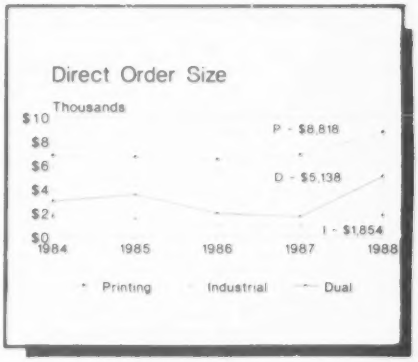
Return on Total Assets (NPBT to Total Assets) showed typical numbers for 1988. This measure is the core profitability measure used by Management Foresight, Inc., (MFI) to allow merchants to see how they performed compared to other merchants.



Printing merchants alone showed any significant change in gross margins for combined warehouse and indirect sales with a drop from 22.2% to 20.4%, and only industrial merchants showed major changes in direct gross margins, rising to 14.65%.



Only printing merchants had any improvement in the measure comparing Total Operating Expenses to Gross Margin, and they dropped minimally from 84% to 83.4%. Dual merchants rose from 87.9% to 89.1% and industrial merchants rose from their already top 91.3% to 93.8%.



One measure which rose for all merchant types was the average size of direct orders. Printing merchants rose 27%, well over their increase in sales. Industrial merchants rose 82%, which may reflect a change in the way industrial merchants approach the market. Dual merchants, however, showed the most dramatic rise, from 1987's $1,746 to 1988's $5,138, for an increase of 194%. Later articles or notes in the Data Base section will provide further analysis of the source of these

the source of these unusual changes for industrial and dual merchants.

Future Analysis

Further analysis of the results of the 1989 PAR will be included in the Data Bank section of *Management News* in future months. Topics analyzed will include:

- ROTA and its value for profitability;
- Operating expense areas;
- Use of debt and its impact on profitability;
- Analyses by size of company;
- Analyses by percent of goods sold through direct sales;
- Analysis of regional variations in performance;
- Value of medians and quartiles for analysis of performance.

PAR History

NPTA has been providing annual operating surveys as part of its membership services for 54 years, and has used Management Foresight, Inc. (MFI) to provide its customed PAR report to NPTA members for 13 years. MFI provides this service to many wholesaler trade associations, partly for confidentiality reasons. PAR itself is totally confidential. No details about any company are available to anyone outside the company. PAR questionnaires include company identification numbers only on the pages used to enter the data into MFI's computer. NPTA itself never sees either the raw data submitted by merchants or data about the performance of individual companies.

EASE, an NPTA First

NPTA is the first association to offer its members the possibility of filing for PAR through a computer disk. This disk format offers merchants several advantages, including running an error-checking program and calculating a company's performance prior to submission to MFI. MFI now plans to offer the EASE disk filing to other associations, especially since well over half the forms submitted for NPTA were on the EASE disk.

This article has provided some highlights from NPTA's *Paper Merchant Performance* for 1989. This is an annual NPTA publication which is provided free to member paper distributors and which can be purchased by others who would find the information useful in their work with the paper distribution industry. For further information about Paper Merchant Performance or the PAR survey, contact NPTA's Research and Statistics Department at 516-829-3070.

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